

ITEM NO.	SUBJECT	REF
	DC29-CONSOLIDATED FINAL MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2020/21 TO 2022/23	

REPORT TO: COUNCIL

DATE: 18 JUNE 2020

DIRECTORATE: FINANCE

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A. PURPOSE

To table before Council for consideration, the final Medium Term Revenue and Expenditure Framework for 2020/2021, 2021/2022 and 2022/2023 in terms of Section 16 of the Municipal Finance Management Act, No 56 of 2003.

PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

In terms of Section 16 of the Municipal Finance Management Act, No 56 of 2003, the Mayor must table before Council for approval, the Medium Term Revenue and Expenditure Framework.

1.2 RESOLUTIONS

THAT

- The Council consider in terms of Section 24 of the Municipal Finance Act, 56 of 2003, the **Annual Budget** of the Municipality for the Financial year 2020/2021; and indicative allocations for the two projected outer years 2021/2022 and 2022/2023; as set out in the A Schedules annexured hereto as follows:

Table A1: Budgeted Financial Performance (Revenue and Expenditure by standard classification)
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Table A10: Basic service delivery measurement

It should be noted that in respect of Capital Expenditure Estimates:

- Instances where information has been provided in terms of Section 19(2) (b) of the Municipal Finance Management Act No.56 of 2003, the consideration of capital budget constitutes projects consideration for the specific projects as reflected in the detailed capital budget. Where information in terms of section 19(2) (b) is not provided, specific project approval be sought from council during the course of the year.
- That Council consider draft amendments to its **Tariffs of Charges** as depicted on the schedule annexed hereto and marked as **Annexure B**.
- That the Draft Budget related policies be noted with the respective amendments.
 - Fixed Assets Management Policy
 - Inventory Management Policy
 - Unauthorized, Irregular, Fruitless & Wasteful Expenditure Policy
 - Borrowing Policy
 - Funding and Reserves Policy
 - Long Term Financial Planning
 - Infrastructure, Investments and Capital Projects
 - Petty Cash Policy
 - Austerity measures policy
 - Banking, Cash Management & Investments Policy
 - Accounts payables policy
 - Budget Policy
 - Credit Control & Debt Collection Policy
 - Indigent Management Policy
 - Supply Chain Management Policy
 - Virement Policy
 - Tariff Policy
 - Payroll Policy
- That the draft tariff of charges for 2020/21 financial year be increased by 9.6% effective from 1 July 2020.
- That Council note the public comments submitted during the public participation process.

- That in compliance with section 22 of the MFMA, the final draft budgets be published in the local press and municipal website.
- That Council note that the draft service delivery and budget implementation plan for the 2020/2021 financial year will be tabled 28 days after the budget has been adopted.

1.3 EXECUTIVE SUMMARY

In terms of Chapter 4, Section 16 of the Municipal Finance Management Act, No 56 of 2003, the Draft Annual operational and capital budgets must be tabled by the Mayor at a council meeting on or before 31 March of each financial year to give effect to the public participation process as envisaged in the Municipal Systems Act and the MFMA of 2003. The annual draft budget is tabled at Council as per the requirements of the act, and the public will be afforded an opportunity to comment on the budget through the media advert and public participation meetings.

Section 24 of the MFMA further requires that the municipal council must at least 30 days before the start of the budget year consider approval of the annual budget, as the budget must be approved before the start of each financial year. It is in compliance with these sections that the budget is hereby tabled 90 days prior to the new financial year 2020/2021.

The executive summary report is set out under the following main broad headings:

- Annual budgets:
 - Operating budget summary
 - Capital budget
- Proposed tariff structures
- Measurable performance objectives for revenue
- Municipal entity – Enterprise iLembe
- Service agreements
- New budget regulations and circulars
- Budget related policies
- Public input
- Publication of budgets

As a requirement of the MFMA 56, of 2003 and MSA 32 of 2000, the budget and IDP process plan adopted by the Council in August 2019 has been guiding path and has made possible a highly interactive and consultative process.

The Mid-Year Budget and Performance Assessment report was conducted and presented by the Accounting Officer to the Mayor of the District, who then submitted the performance assessment report to Council for consideration at the end of January 2019 and to the National Treasury and the relevant Provincial Treasury in line with section 54(1) (f) of the MFMA.

Subsequently, Council resolved that a consolidated adjusted budget process should be initiated and tabled for the year 2019/20 financial year for both iLembe District and its entity. The Section 28 adjustments budget was prepared and this impacted most services where cost containment had to be applied to ensure the budget is balanced and funded. The adjustments budget was tabled to Council by His worship, Mayor of Ilembe District Municipality on 26 February 2020 in line with section 28 of the MFMA. During this process and where appropriate, funds were transferred from low-to high priority programs so as to maintain sound financial stewardship. A critical review was further undertaken to limit spending on non-core items to align the budget with the District's austerity measures. Approaching the adjustments budget process, a constant consultation with all departments was maintained while considering the Provincial treasury's High Level Assessment on the 2020 Mid-Year budget assessment.

The municipality prepared a second special adjustments budget which its main purpose were as follows:

- Appropriation of additional transfers of grant funding that has become available during the year, specifically for COVID19.
- Adjust the capital budget due to transfers and grants revision of the grant allocated to the municipality as per Government Gazette No. 43180, issued 30 March 2020.
- Appropriate the financial implications of COVID19 and reprioritization where necessary.
- Appropriate any other budget related matters within acceptable provisions of the Act.

Council adopted the special adjustments budget on 28 May 2020. The main items which had a direct impact on the adjustments budget includes Reprioritisation of municipal infrastructure grant (MIG) for mitigating and responding to the spread of covid-19. A budget was set aside with the approval from the Department of Cooperative Governance and Traditional Affairs to prioritize certain project which will guarantee supply of water to vulnerable areas and minimise interruptions.

The implementation of the 2019/20 budget implementation year posed various challenges. These were broadly presented before various committees for deliberation and tabled during the adjustments budget process. Majority of these are of a great concern and have been considered during the 2020/2021 budget preparation process. On a high level, these included the following:

- Steady growth on revenue collection patterns which impacts on the implementation of the budget as expenditure further relies on what is collected at the end of the month.
- Sustainability of the prepaid meters.
- The budget on multi-year funded projects will be adjusted as a result of variance between planning cashflow projections versus and implementation cashflow.
- Delays in the implementation of projects arising from various project management challenges issues;
- Constrained cash flow position whereby there was a risk of other services being temporarily suspended.
- Increase on debtors consumer debtors arising from increased billing.
- A decrease on revenue collection rate due to impact of COVID19, where some consumers were impacted by the state of disaster due to COVID19, whereby their jobs could have been affected.

The aforementioned challenges are reviewed from time to time through deliberations at various structures and strategies are in place to deal with same. Implementation is monitored at the various council portfolio committees. Majority of these challenges will have a direct impact in the 2020/21 budget year.

The budget was published in the local newspapers and municipal website and also placed on the municipal buildings. Public participation meetings were organised in line with Government Gazette No 43147 which states:

Municipal operations and governance

6.7.1 Municipalities are required to perform various legislated functions, including the passing of budgets and the adoption of integrated development plans (IDPs)

6.7.2 Municipalities are directed to; (a) Comply with the laws prescribing the IDP and budget processes aligned with COVID-19 Regulations. (b) Instead of convening contact meetings, develop electronic and alternative methods of consultation, agreements and approvals for municipal governance planning and budget processes.

The public participation process will be coordinated in accordance with directive provided by National Government considering the current COVID-19 Regulations in terms of Disaster Management Act, 2002: Regulations issued in terms of Section 27(2) of the Act. In this regard the Public Participation will be held in an alternative manner which include taking comments online or from the newspaper advert, this will be communicated in a local newspaper. Where necessary, Council workshop will be conducted to consider the budget related policies in line with the Budget & Reporting Regulations if the regulations on COVID-19 are uplifted. Prior to finalisation, changes on the budget were submitted to the Budget Steering Committee to seek technical input.

The 2020/2021 Medium Term Revenue and Expenditure Framework focuses on the long and short term objectives and priorities of the District as well as outcomes and outputs, based on the following IDP Priorities:

- Basic Service Delivery;
- Municipal Institutional Development and Transformation;
- Local Economic Development;
- Municipal Financial Viability and Management;
- Good Governance and Public Participation;
- Safe and Secure environment;
- Spatial Development Framework Analysis; and
- Environmental Management.

National Treasury's MFMA Circular No 10, 13, 19, 42, 48, 51, 54, 58, 59 , 66, 74, 75 and 78, 79, 82, 85, 86, 89, 91, 93 and 94, 98, 99 as well as the Municipal Budget & Reporting Regulations and the Municipal Finance Management Act were used to guide the compilation of the 2020/2021-2022/23 MTREF.

The main challenges experienced during the compilation of the 2020/2021 MTREF can be summarised as follows:

- The increased cost of bulk water which is pushing the tariffs upwards;
- The downturn in the National and Local economy;
- Ageing infrastructure, quality and quantity of drinkable water;
- The need to re-prioritise projects and expenditure within the existing resources envelope given the cash flow realities while maintaining a good level of service;
- Affordability of Capital Projects;
- Revenue growth patterns which impacts on the implementation of the budget.
- Availability of affordable capital or borrowings; and
- Rising and unpredictable fuel, oil and energy prices resulting in challenges on revenue recoveries.
- The need to fill vacant posts to eliminate inefficiencies and improve delivery of services.

The main areas that affected how this budget should be structured;

- ✓ The affordability of the cost-reflective tariff per kilo litre calculation (cost based tariffs) which is not passed on to the consumers;
- ✓ The effects comprising of benefits and challenges on reinstatement of the sewer tariff structure, property value based tariffs, compared to the cost reflective tariff/ water consumption based tariffs, and benefit and the impact on collection patterns;
- ✓ Review of revenue generation calculation projections to ensure that all contributing factors are taken into account;
- ✓ Proposal of 9.6 % tariff increase.
- ✓ Furthermore, a reduction of various variable operating expenditure items was kept at a minimum to match with the low tariff increase of 9.6 % and the consumer price index as per the National Treasury's MFMA budget Circular.
- ✓ During the adjustments budget process, the Municipal Entity, Enterprise iLembe's grant allocation was slightly reduced in order to align its expenditure to the current austerity measures in place in the District;
- ✓ The municipal fleet contract was concluded in the middle of the 2019/20 financial year, this budget will bear the financial impact of the new municipal fleet;
- ✓ The need to provide for COVID19 expenditure in the 2021 financial year.
- ✓ The ceasing of the Regional Bulk Infrastructure Grant allocation which impacts on the continuation of the projects already in implementation.

- ✓ The process of the security contract currently in the bidding process.

Operating Budget Summary

The proposed operational budget contains detailed information for the 2020/2021, 2021/2022 and 2022/2023 indicative financial years and is summarised below:

DC29 iLembe - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand									
Revenue By Source									
Service charges - water revenue	70,191	94,062	116,120	138,196	154,116	154,116	167,768	177,834	188,504
Service charges - sanitation revenue	66,446	36,189	37,020	40,646	43,152	43,152	45,934	48,690	51,611
Rental of facilities and equipment	85	76	107	128	127	127	22	23	24
Interest earned - external investments	3,108	8,360	13,105	4,722	13,812	13,812	14,761	15,565	16,415
Interest earned - outstanding debtors	18,998	15,452	25,769	35,706	35,602	35,602	39,020	41,361	43,843
Fines, penalties and forfeits		380	153	728	364	364	399	423	448
Licences and permits			22	19	21	21	24	25	26
Agency services		2,141	1,785	1,953	1,953	1,953	2,149	2,277	2,414
Transfers and subsidies	385,967	519,749	520,939	594,358	674,982	674,982	613,309	680,262	736,132
Other revenue	17,774	24,223	27,484	42,352	27,919	27,919	29,384	29,772	30,489
Gains					1,890	1,890			
Total Revenue (excluding capital transfers and contributions)	562,569	700,633	742,504	858,810	953,937	953,937	912,768	996,232	1,069,906
Expenditure By Type									
Employee related costs	185,750	201,322	220,780	264,463	242,774	242,774	274,983	294,078	314,131
Remuneration of councillors	8,584	8,406	8,604	10,941	9,450	9,450	9,819	10,506	11,242
Debt impairment	40,241	41,676	65,022	29,421	13,721	13,721	18,301	19,142	20,023
Depreciation & asset impairment	90,431	82,953	106,408	85,912	87,102	87,102	81,631	85,391	89,325
Finance charges	9,977	10,566	8,175	12,403	11,357	11,357	12,691	10,938	9,591
Bulk purchases	75,803	86,506	150,578	132,057	168,070	168,070	216,200	247,820	287,602
Other materials	31,958	-	19,557	25,178	6,650	6,650	23,668	24,254	24,868
Contracted services	54,326	139,880	131,937	143,025	239,351	239,351	152,887	173,985	178,549
Transfers and subsidies	7,363	-	-	-	-	-	-	-	-
Other expenditure	103,937	106,297	122,790	152,150	171,044	171,044	118,949	121,154	126,729
Losses	824	391	6,290	-	200	200	63	66	69
Total Expenditure	609,194	677,996	840,141	855,550	949,718	949,718	909,190	987,335	1,062,129
Surplus/(Deficit)	(46,625)	22,636	(97,636)	3,260	4,219	4,219	3,578	8,897	7,777
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	376,948	289,524	286,105	301,596	292,546	292,546	225,228	228,341	244,693
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	9,641	9,641	-	-	-
Surplus/(Deficit) after capital transfers & contributions	330,323	312,161	188,469	304,856	306,405	306,405	228,806	237,238	252,470
Taxation									
Surplus/(Deficit) after taxation	330,323	312,161	188,469	304,856	306,405	306,405	228,806	237,238	252,470
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	330,323	312,161	188,469	304,856	306,405	306,405	228,806	237,238	252,470
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	330,323	312,161	188,469	304,856	306,405	306,405	228,806	237,238	252,470

The overall operational revenue budget in the 2020/21 amounts to R 912.7 million and the operational expenditure amounting to R 909.1 million.

Operations are thereby budgeted to achieve a net surplus of R 3.5 million for 2020/21; R 8.9 million and R 7.7 million for 2021/22 and 2022/23 respectively.

The total surplus including capital transfers and contributions for 2020/21 amounts to R 228.8 million; and the two indicative years amount to R 237.2 million and R 252.4 million for 2021/22 and 2022/23 respectively.

During the public participation process the following were changes effected to the budget:

Revenue

Between the draft budget and the final revenue increased by R 8.2 million. The changes are as follows.

- An addition of R 11 million related to Water tankers water distribution to schools due to implications of COVID19.
- Increase of budget provision for free basic services by a total of R 4 million from R 1.2 million on the Draft Budget to R 4 million;
 - R 2.5 m water
 - R 1.5m sanitation
- An additional grant of R 4.4 million for Business Support and Technical Skills funded by MICT SETA for Enterprise iLembe.

Expenditure

Between the draft budget and the final, the expenditure by R 8.4 million. The changes are as follows:

- Provision for COVID19 expenditure amounting to R 7.3 million for direct costs, such as procurement of PPE and other operational costs. This budget however excludes the employee related costs and water provision for COVID19 which forms part of the normal budget items.

There was a need to identify funds from the budget to fund the above expenditure; as a result the following items were affected:

- Contracted Services items adjusted with minor amounts includes electrical and reticulation repairs.
- Depreciation was adjusted by R 2.8 million as per the latest calculation.

It should be noted however that there are items which have been under budgeted due to a need to balance the budget. Monitoring of the budget should be strengthened in order to ensure sustainability and overspending on the budget.

OPERATING REVENUE FRAMEWORK

The following budget principles and guidelines directly informed the compilation of the 2020/2021 MTREF:

- As a base, for incremental budget items, the 2019/2020 Adjustment budget estimates and targets, as well as the base line allocations contained in that adjustment budget were adopted as the upper limits for the new baseline for the 2019/2020 budget then incorporating the tariffs and rates where applicable.
- Service level standards were used to inform the measurable performance objectives, targets and backlog eradication;
- That tariff increases must be affordable and be measured against the cost of bulk water. It must be noted however that the proposed tariff is aligned to the bulk water tariff, which assists in bringing water into the final consumer but has not been aligned to cost reflectiveness. Although tariffs need to remain or move towards being cost reflective a balance should be created for affordable services to consumers at the same it should take into account the need to address infrastructure backlogs and maintenance thereof; and
- That all grant funded projects will only be implemented provided that a written confirmation in the form of Division of Revenue Act ("DORA") or otherwise is available and gazetted.
- The District will primarily make use of conventional metering system, and maintains the fact that some areas still utilise the prepaid meters.
- The supply of water to schools without water supply

With the downturn on the economy resulting in a burden to consumers, Service charges tariffs are proposed to increase by 9.6%. An assessment of the consumer affordability of tariffs was also considered.

Operating Income

a) Service Charges Revenue

Tariff Increases on Service of Charges

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. **The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band;** therefore, municipalities are required to justify all increases in excess of the projected inflation target for 2020/21 in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition, municipalities should include details of their revenue growth assumptions for the different service charges in the budget narrative.

Furthermore, it must also be noted that the consumer price index "CPI", *is not a good measure of the cost increases of goods and services relevant to municipalities*. The basket of goods and services utilised for the calculation of the CPI consists of items such as food, petrol, and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water and electricity, plumbing/construction material, chemicals etc.

The current challenge facing the District is to manage the gap between cost drivers and tariffs levied. Any shortfall must be made up by either operational efficiencies or service level reductions and maintenance of infrastructure. It should be noted that electricity costs contribute significant portion of waste water treatment input costs, therefore higher than the CPI. To be specific, the district has not considered other direct costs to the tariffs, but has only increased by 9.6% which is the tariff charged by Umngeni. The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. However, at the time of this draft budget there was no determination by NERSA since the impasse around Eskom's application.

While the court case between NERSA and Eskom is still pending, municipalities should use the tariff increases previously (March 2019) approved by the regulator of 8.1 per cent for 2020/21, 5.2 per cent 2021/22 and 8.9 per cent for 2022/23. This may still be higher considering the current power problems.

i. – Water

This budget relates to billing of consumers for water. The proposed budget on water service charges amounts to a net of R 167.7 million (2019/20: R145.6 million). The cost of providing free basic services is budgeted at R 2.5 million in the MTREF netted off from water service charges revenue. The basis of this calculation is the increase on tariff of charges by 9.6% and various strategies are in place to improve billing. The R 167.7 million is a net after adjusting for free basic water services from operating expenditure classification to revenue classification, so as to off-set the revenue as required by MFMA Circular 79; see below for as per the budget tables specifically;

DC29 iLembe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Revenue By Source								
Service charges - water revenue	70,191	94,062	116,359	138,196	154,116	167,768	177,834	188,504
Service charges - sanitation revenue	66,446	36,189	36,782	40,646	43,152	45,934	48,690	51,611
Total Service Charges	136,637	130,251	153,141	178,843	197,267	213,702	226,524	240,115

This budget is fairly achievable, considering the 2018/19 audited AFS closed with a billing amounting to R 116.3 million, when compared to previous financial year this shows a 44% increase. Amongst various factors contributing to an improved billing is data cleansing, performed on a continuous basis and has reaped great result. The District cleanse its debt book through various mechanism, others which involves working with Local Municipalities. This item will be further improved by the different mechanism of reading meters using electronic devices which started in the 2019/20 financial year, thereby increases efficiency and effectiveness while enhancing revenue.

The municipality continues to encourage people who qualify for indigent to come forward to register. The number of people accessing this service has decreased as compared to prior years. There is a process currently done under the Vuthela Programme to align the Local

Municipality's indigent registers with the districts. The 2021 final budget will enforce more measures on meter reading, this will be done internally by the IDM meter readers and external meter reading services.

ii. Service Charges Revenue – Sanitation

The sewer service charges is budgeted to be R 45.9 million (2019/20: R 43.1 m).

DC29 iLembe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Revenue By Source								
Service charges - water revenue	70,191	94,062	116,359	138,196	154,116	167,768	177,834	188,504
Service charges - sanitation revenue	66,446	36,189	36,782	40,646	43,152	45,934	48,690	51,611
Total Service Charges	136,637	130,251	153,141	178,843	197,267	213,702	226,524	240,115

When compared to the 2019/20 budget year, the final budget proposes comes with an increase of R 3 million and is attributable to the following:

- The 2021 tariff increase on sewer charges.
- This amount is a net of free basic sewer services from operating expenditure which amounts to R 1.5 million under the Revenue classification to comply with the MFMA circular.
- The basis of sewer tariff used on the final budget property valuation as per **Annexure B**.

b) Rental of facilities and equipment

This item relates to hiring of the District's Auditorium to the public. The total provision on this item is a consolidated R 22 thousand. The budget for Rental of facilities and equipment has decreased from R127 000 in the 2019/20 Adjustments Budget to R22 000 in the 2020/21 financial year. The municipality assessed the income realised over the years under this item and has resolved in decreasing it due to low collection. Furthermore, the item was affected by the COVID19, where the auditorium was not being booked.

d) Interest Earned on external Investments

Interest on investments are budgeted at R 14.7 million (2019/20 R 13.8 m). This refers to the combination of monies invested by the municipality as well as its entity on various financial institutions both on call and fixed investments deposit accounts as well as interest on outstanding debtors. Interest is earned from grants received by the municipality from the DoRA allocation. The 2018/19 audited AFS had reported R 12. 2 million, this hereby confirm the target on this item. The list of investments has been reflected on table SA16.

e) Interest earned on outstanding debtors

Interest on outstanding debt is proposed at R 39 million (R 35.6 million: 2019/20). Interest on outstanding debtors is directly linked to the debtors' book. From 2018/19 financial year to 2019/20, the debt book rose extremely due the increase arising from an improved billing. As of February sitting at a gross of R 390 million. Considering such huge debt book mostly dominant by the old debt, interest has been increasing simultaneously. It should be stressed that, the current financial distress facing the country will have a negative impact to the collection of revenue, this should however not be used as an excuse not to pay for services rendered.

Furthermore, the municipality's billing continue to improve, arising from various activities involving billing areas which were not previously billed, investigating and replacing dysfunctional which were prepaid meters and start billing them . The increase on debtors has a bearing on the consumers, however the municipality continuous embarking on various plans and activities to improve the collection rate, and more measures will be introduced to help consumers pay for services. Although it appears as if the interest should be adjusted low on the 2021 budget, various factors affects the budget, one being the impact of COVID19 on the debt book.

f) Fines and Penalties

Fines and penalties is an item related to compliance/ non-compliance, for example illegal connections, tampering fees. The provision on this item is R 399 thousand. This is in line aligned to the enforcement of the credit control policy. Strict measures will be enforced in the 2021 financial year in line with measures taken to improve the meter reading process whereby meters are now read through meter reading devices. Furthermore, additional meter reading services will be procured, as a result revenue from this item will improve.

g) Agency Services

Revenue from agency budget amounts to R 2.1 million (2019/20: R 1.9 million). This category of item is in relation to fees collected from concession fees (Siza Water).

h) Transfers Recognised – Operational

The transfers' recognised Operational budget amounts to R 608.8 million (2019/20: R 632.4 m). The budget on this item is in line with the Division of Revenue Act, Gazette of 2020. Between the draft budget and final budget, the increase on other revenue is R 4.2 million, to be received from MICT SETA for The main items as per supporting tables (SA1) tables are as follows.

DC29 iLembe - Supporting Table SA18 Transfers and grant receipts

Description	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand							
RECEIPTS:							
Operating Transfers and Grants							
National Government:	460,250	515,603	593,808	619,927	608,846	680,262	736,132
Local Government Equitable Share	419,734	468,670	516,503	516,503	566,794	623,486	680,793
Finance Management	1,250	1,000	1,000	1,000	1,000	1,000	1,000
DEPT OF LABOUR UIF GRANT			40,850	50,297	-	-	-
WSIG OPERATING Funded (VIP TOILETS)	10,000	-		10,000	-	-	-
WSIG OPERATING Funded (VIP TOILETS)					11,550	23,959	25,382
Rural Transport Services and Infrastructure	2,266	2,271	2,406	2,406	2,291	2,417	2,557
Energy Efficiency and Demand Management	-	7,000	10,000	10,000	3,000	3,000	-
EPWP OPERATING GRANT	1,000	1,731	2,019	2,019	4,746	-	-
DEPT OF LABOUR UIF GRANT	-	13,781					
MIG OPERATING Funded (VIP TOILETS)	26,000	21,150	21,000	27,702	19,465	26,400	26,400
Provincial Government:	-	15,000	550	2,200	-	-	-
Development Planning Shared Services - COGTA			550	550			
KZN COGTA GRANT -Wi_Fi, Biomass, Mini Factories		10,000					
District imagery Grant				1,000			
Spatial Dev. Framework Grant				650			
SIBHUDU CAVES AND KWASHUSHU HOTSPRING		1,200					
CORRIDOR DEVELOPMENT PROGRAMME		1,000					
RASET PROGRAMME - OPEX		2,800					
Other grant providers:	-	700	-	-	-	-	-
Maphumulo Integrated Energy Grant		700					
SIBHUDU CAVES AND KWASHUSHU HOTSPRING - MAP CONTR		350					
Total Operating Transfers and Grants	460,250	531,303	594,358	622,127	608,846	680,262	736,132
Capital Transfers and Grants							
National Government:	391,626	343,299	301,596	284,894	225,228	228,341	244,693
Municipal Infrastructure Grant (MIG)	178,126	167,353	171,596	164,894	171,778	182,300	195,075
Regional Bulk Infrastructure	145,000	75,446	35,000	35,000			
Energy Efficiency and Demand Side Management Gr	6,000						
WSIG	62,500	100,500	90,000	80,000	53,450	46,041	49,618
YEP GRANT PROJECTS			5,000	5,000			
Total Capital Transfers and Grants	391,626	343,299	301,596	284,894	225,228	228,341	244,693
TOTAL RECEIPTS OF TRANSFERS & GRANTS	851,876	874,602	895,954	907,021	834,074	908,603	980,825

i) Other Revenue

This category includes various revenue items and is budgeted a total of R 29.3 million (2019/20: R 30.8 m).

DC29 iLembe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue & Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
REVENUE ITEMS:								
Other Revenue by source								
INTEREST ON CURRENT ACCOUNT								
TENDER DOCUMENTS	124	450	200	314	603	661	701	743
Water: Connection/Disconnection, Commission Transaction								
Handling Fee	3,408	4,419	2,168	24	107	114	121	128
INSURANCE PROCEEDS & LG SETA	191		380	466	801	435	155	165
CLEARANCE CERTIFICATE	1,064	1,312	1,575	1,608	2,150	1,857	1,968	2,086
Private Developer KwaDukuza	2,028	-	237	3,951	3,951	4,330	4,590	4,866
DOE	1,605		21,372	30,494	14,623	17,712	17,716	17,720
MAPHUMULO SITES TRANSFERS REG- ROLLOVER				1,200	1,200			
Incidental Revenue - KwaDukuza Municipality					593			
Insurance Claims			122		54			
Biomass Income/Phambili Energy					662			
Rental Recoveries					-			
SASA			198		22			
Business Support and Technical Skills MCT SETA Revenue	9,956	18,031				-		
Maphumulo Wi-Fi Fee						204	214	224
Incidental Revenue - EI			779			700	733	768
nursery - EI			368			-	-	-
Forex gain/loss	78		22					
155 045865 (shared services)				3,108	3,108	3,326	3,626	3,737
Administrative handling fees				23	23	25	27	28
Sale of Produce (produce from Tunnels)				900				
Wine Sales			64	63	20	21	22	23
Total 'Other' Revenue	17,774	24,223	27,484	42,352	27,919	29,384	29,772	30,489

Other revenue is mainly attributable to the grant by Department of Education funding the National School's Nutrition Programme. The current cost per child for the NSNP project (0, 04), which impacts on the delivery of the service as costs go up in everything else including costs of vegetables and fruits, as well as transportation costs. The transporters contracted to deliver the commodities to schools have been paid the same rate for a consecutive three years; The increase is due to an additional mandate the entity has been given by DOE to supply amasi to schools as part of the NSNP project. An additional allocation of R12m has been made available. The year to date expenditure on the programme was at 92% as at the end of May 2020. The NSNP budget was however reviewed in line with the National Lockdown and the closure of schools. An amount of circa R 3, 1m in respect of the April and May feeding months. As a result of uncertainty around the opening of schools, the month of June has not been adjusted for.

The private developers' contribution is based on the future developments within the district. Where there new developments, such will be catered on the adjusted budget.

OPERATING EXPENDITURE FRAMEWORK

In preparation of the 2020/21 – 2022/23 MTREF, the following were considered:

- Balanced budget constraints which means that operating expenditure should not exceed operating revenue unless there are existing uncommitted cash-backed reserves to fund any shortfall or deficit;
- Funding of the budget over the medium-term as informed by section 18 and 19 of the MFMA;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- Strict adherence to the principle of "no project plans no budget". If there is no business plan thus no funding allocation can be made;
- The implementation of austerity measures on municipal operational expenditure; and
- There are limited number of items in the budget, the budget was partly based from the adjustments budget amounts by effecting the CPI where applicable, while maintaining the budgeting principle of zero based budget;
- Extreme increase in the Umngeni water tariff, currently being 9%;
- The high cost of fuel due to the municipal fleet acquired in the 2019/20 financial year;
- The COVID19 expenditure for procurement of PPE and other compliance related expenditure as per the regulations.

When compared to the adjusted budget, the final 2021 operational expenditure budget decreased by 4% overall. This decrease is mainly attributable depreciation, contracted services mainly on water tanker services and other expenditure items. Although there is an inflationary increase of 4.5% as per the MFMA Budget Circular no. 99, increase on bulk purchases of 9.6% which was above CPI and the salary increase at average of 6.5% the budget has been structured to observe the austerity measures, and such must be applied during implementation which should be reported throughout the year at various Council structures. The 2019/20 budget was already constrained, and cost cutting measures were applied during implementation. In the medium term, the municipality will continue applying and monitoring cost containment to be monitored through various Council structures.

a) Employee related cost

- The consolidated (inclusive of the municipal entity) employee related cost is budgeted at R 274.9 million (2020: R 247.4 million). An estimated as average for salary increase as Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 (Annexure D), increase based on 5% percentage for 2020/21, plus one comma five percent (1.5), resulting to an average of 6.5%. Furthermore this budget has provided for vacant posts that were to be have been filled during the 2019/20 financial year.
- Supporting tables SA22 provides the expenditure on employee related costs. The total employee related costs plus councillors represent 31% of the total operating expenditure. This percentage is within the 30-40% threshold as required on MFMA Circular 71.
- The workings on employee related costs reflects an increase of 11%, this is not next year's increment but the % includes the 6.5% salary increase plus the vacant posts amounting to R9.1 million anticipated to be filled in the next financial year 2021. The number of posts is estimated at 107 posts which is mainly dominated by heavy duty drivers and heavy duty driver's assistants. Filling of the posts will be determined by the cash flow positions which is impacted by various factors, however these are budgeted for 12 months. The process for the Senior Manager Community Services post has been advertised in the current financial year 2019/20, based on the HR processes, the post will possibly be filled in the new financial year starting in July 2020.

DC29 iLembe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2016/17	2017/18	2018/19	Budget Year 2019/20		2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
Employee related costs								
Basic Salaries and Wages	129,368	128,652	147,954	175,614	158,477	177,921	190,223	203,006
Pension and UIF Contributions	24,917	16,672	28,306	27,437	20,469	29,286	31,336	33,530
Medical Aid Contributions		10,447	11,121	14,078	12,307	13,044	13,957	14,934
Overtime	5,845	5,728	6,449	8,914	11,598	9,039	9,672	10,349
Performance Bonus	9,901	9,589	10,907	11,250	12,076	12,898	13,801	14,767
Motor Vehicle Allowance	7,068	5,142	6,431	6,722	5,724	6,264	6,703	7,172
Cellphone Allowance		1,386	1,506	1,870	1,444	1,606	1,719	1,839
Housing Allowances	1,440	959	587	1,437	821	1,108	1,185	1,268
Other benefits and allowances	5,641	17,026	3,268	3,990	14,919	7,993	8,551	9,150
Payments in lieu of leave		3,854	3,173	12,886	9,135	14,873	15,914	17,029
Long service awards	1,570	734	1,079	264	504	951	1,017	1,088
Post-retirement benefit obligations		1,133						
Total Employee related costs	185,750	201,322	220,780	264,463	247,474	274,983	294,078	314,131

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b) Remuneration of councillors.

This item is budgeted at R 9.8 million (2019/20: R 9.4 million). This budget has already considered the Gazette on Determination of Upper Limits December 2019/20 and has resulted on an increase to different salary bands of councillors. The gazette was implemented from December 2019/ January 2020 as per Council's approval. The decrease between 2019/20 and the tabled budget (2020/21) is as a result of alignment of the budget with the rates on the Gazette.

c) Repairs and Maintenance (including Other Materials)

This item refers to the costs incurred to bring an asset back to an earlier condition or to keep the asset operating at its present condition. Repairs and maintenance is budgeted at R 54.7 million (2019/20: R 34.9 million). This item is separated into planned/ scheduled maintenance and unplanned maintenance. In terms of Municipal Budgeting and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver, but an outcome of other expenditures such as remuneration, purchases of materials and contracted services. As a result other materials amounts to R 21.3 million and forms part of the total budget under this category. This amount is budgeted for materials used on repairs.

The municipality is mindful of the need to budget for repairs and maintenance according to the acceptable National Treasury guidelines of 8% of the total PPE and the need to restore infrastructure. The provision is currently below norm, being +-2%. Considering the aforementioned financial challenges, hence only R 54.7 million could be afforded on the operational budget, however when the capital expenditure on renewal of existing assets is considered the percentage comes to 4% whereby the replacement/refurbishment costs are to replace/refurbish aged pipelines and pumps. The asset management policy provide directive in terms of asset management plan. Every Head of Department shall ensure that a maintenance plan in respect of every new infrastructure asset with a value of R100 000 (one hundred thousand rand) or more is promptly prepared and submitted to the Council of the Municipality for approval. The item for repairs and maintenance considers the municipality's policy in this regard.

Table A9, the budget provision for the renewal of assets may seem low compared to that required on MFMA circular No. 55, however the capital budget also addresses the refurbishment of old water infrastructure and buildings.

d) Debt Impairment

A proposed provision for bad debts totals to R 18.3 million (2019/20: R 13.7 million). Whilst this expenditure is a non-cash flow item, it informs the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenue. This is in compliance with GRAP requirements. The bad debt provision has been calculated based on the 65% revenue collection rate assumption budgeted for 2020/21 financial year and the debtors' book. This is 10% lower than the draft budget submitted to Council in May, with a decrease mainly due to COVID19 to accommodate a potential decrease on the collection.

The closing balance on gross debtors as at end of May 2020 was R 401 million, while the provision for doubtful debt balance as at 31 May 2020 was R 206.8 million, resulting in a net of R 194 million on debtors owing as at the end of May 2020. The audited 2018/2019 financial had no debt being written off, however a report from an expert on debt write off was received in November with regarding doubtful debts that need to be written off in the current financial year. A recommendation report to write off R 54 was approved by Council as per the MFMA. A Further R50 million will be further written off against before the end of 2019/20 Financial year, which will result in a decreased addition to provision for doubtful debt.

The below shows workings which estimates the 2021 net debtors with the provision for doubtful debts.

DC29 iLembe - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
Consumer debtors	271,380	350,681	416,540	342,639	390,000	449,512	498,988	553,485
Less: Provision for debt impairment	(186,560)	(250,342)	(234,715)	(198,897)	(149,384)	(167,684)	(186,827)	(206,850)
Total Consumer debtors	84,820	100,339	181,825	143,742	240,616	281,827	312,161	346,635
Debt impairment provision								
Balance at the beginning of the year	144,859	186,560	207,780	250,265	250,265	149,384	167,684	186,827
Contributions to the provision	41,701	63,782	29,421	13,721	13,721	18,301	19,142	20,023
Bad debts written off			-	(54,603)	(114,603)		-	-
Balance at end of year	186,560	250,342	237,202	209,384	149,384	167,684	186,827	206,850

e) Depreciation & Asset Impairment

A proposed provision for depreciation, amortisation and asset impairment amounts to R 81.6 million is informed by the Fixed Asset Policy of the District plus the additional projects to be completed in the 2020/21 financial year. The provision on this item is as per compliance of GRAP 17 accounting standard. It should also be noted that this item is a provisional amount, the actual depreciation and impairment is fully determined at year end. Furthermore, the depreciation for 2019/20 may be affected by a delay on projects due to the National Lockdown due to COVID19. Projects which were to be completed end of June 2020 and start to be depreciated may not be as per planned, as a result the depreciation has been adjusted lower.

DC29 iLembe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2016/17	2017/18	2018/19	Budget Year 2019/20		2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
Depreciation & asset impairment								
Depreciation of Property, Plant & Equipment	90,431	82,953	106,408	85,912	87,102	73,450	76,835	80,375
Lease amortisation						2,911	3,044	3,184
Capital asset impairment						5,270	5,512	5,766
Total Depreciation & asset impairment	90,431	82,953	106,408	85,912	87,102	81,631	85,391	89,325

f) Finance Charges

Finance charges consists primarily the repayment of interest on long-term borrowings and interest related to the fleet contract to be acquired through an instalment lease agreement sale and accounted as finance leases as per GRAP standards. The interest budget is proposed at R 12.6 million (2020: R 11.3 million). This provision considers interest charged on the lease of municipal fleet and interest charged on borrowings. Borrowings to be maintained in the 2021 is made up of the borrowing from DBSA which appears on A6. No new loans are anticipated by the municipality in the MTREF, however due to the recent fleet lease contract, more interest will be realised.

g) Bulk Purchases (Water)

The budget for bulk purchases is appropriated at R 216.2 million (2019/20: R 170 million). The increase on bulk purchases is attributable to the tariff increase of 9.6% from Umngeni Water. The CPI stands at an average of 4.5% on the MTREF, however the Umngeni water is proposed at 9.6%, clearly this is more than the CPI, furthermore, the provision of our water has been set for only 9.6%, which means no mark-up is transferred to consumers above the cost of input from Umngeni. This does pose a negative impact in the cost of bulk water supply, particularly the purchasing of water from Umngeni Water is escalating beyond affordability. Water Bulk purchases keep growing at an enormous rate, the municipality is still expected to maintain the balance between providing affordability municipal services when charging consumers, while ensuring its keeps its tariff cost reflective in order to ensure that there is sustainability.

MFMA Circular no. 99, states, "Cost reflective tariff setting is a requirement of Section 74(2) of the Municipal Systems Act, 2000 (Act No.32 of 2000) which states that tariffs must "reflect the costs reasonably associated with rendering the service". This is meant to assist municipalities to generate sufficient revenue to fully recover their costs, deliver services to customers sustainably and invest in infrastructure that promotes local economic development.

Although municipalities are required to adopt a tariff setting methodology that achieves an appropriate balance between the interests of poor households and other customers while ensuring financial sustainability of the municipality. It should be noted that the municipality does not break even with such high tariff increases, however it contains the burden not to be passed on to consumer considering the subdued economic situation in the country.

The anticipated expenditure for the period ended 31 December 2019 was R 66 million, while the actual expenditure for the period amounted to R 90.4 million (December 2018 – R 63.8 million), this resulted in a 37% variance above anticipated half year expenditure. It should be noted that item is the main cost driver on provision water. The variance is mainly attributable various factors such as -;

- Increase in new connections and the cost of providing water supply to consumers.
- Indirectly, water losses has an impact on this item. The municipality faces a high level of non-revenue water and real losses currently sitting at 60% and 35% respectively.

There is currently a project dedicated to reduce water losses, improve service delivery and eradicate services backlogs increasing revenue while decreasing the extent of the Non-Revenue water. The total budget allocated to Water Conservation and Demand Management amounts to R 27.3 million where various activities will be performed. A 5 year- Master Plan will also be drafted from this programme. To date, 71 bulk water meters have been verified, mainly for Ndwedwe, KwaDukuza and Maphumulo.

- Furthermore, the proposed budget has allocated R 11.5 million for Water Demand and Conservation to material minimise water losses.

Capital Unit Charges (CUC)

In the 2018/19 financial year iLembe District Municipality resolved to commence with repayments towards the capital unit charges towards the Spring Grove Dam and budget provision was accordingly made. The agreement between the Municipality and Umngeni was however not signed by both parties, Umngeni being the creditor and the subject matter is awaiting the outcome of the Department of water and sanitation. The matter has reached consensus and Payment will commence in the 2020/21 financial year, as a result the bulk purchases budget is inclusive of the CUC costs. Provision is made in this budget and will also be provided for in future estimates to continue paying off the capital unit charges.

h) Contracted Services

This item refers to contracted services, and has been appropriated at R 152.8 million (R 239m: 2019/20). All existing contracts have been provided for on the budget. Table SA1 provides a list of all contracted services i.e. security services, plant hire, vehicle hire, printing rentals, etc. This refers to all contracted services to other parties that provide services on behalf of the district and its entity. Furthermore this category includes contracted services for handling repairs and maintenance.

OC29 iLembe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2017/18	2018/19	Budget Year 2019/20		2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand							
Contracted services							
ENTERPRISE CONTRACTED SERVICES			9,364	16,060	7,537	8,473	6,772
VIP TOILETS	28,532	20,653	21,261	32,784	16,926	22,957	22,957
AFS HIGH LEVEL REVIEW			200	150	150	150	150
AIR QUALITY MANAGEMENT PLAN			800	200	450	471	492
ANALYSIS OF WATER AND EFFLUENT		7,685	7,657	6,600	7,500	7,845	8,208
ANTICORRUPTION HOT LINE			100	70	200	209	219
AUDIT COMMITTEE		299	300	210	300	314	329
Buildings		1,188	1,151	500	750	785	821
Business Continuity Plan Testing					150	157	164
CALL CENTRE MANAGEMENT SYSTEM			1,299	1,504	1,504	1,573	1,646
Catering		644	1,172	699	1,691	1,769	1,850
CLEANING SERVICES & HYGIEN SERVICES		993	1,135	847	930	973	1,018
COGTA - Blomass Mini Factories Wi-fi		2,667					
consulting asset management		476	1,265	800	800	837	875
CONSUMER DATA ANALYTICS		636	500	336	565	591	618
Contracted Services - ENTERPRISE ILEMBE	23,049						
CONVENTIONAL METERS		1,182			1,500	1,550	1,650
COVID19 CONTRACTED SERVICES				2,416	7,010	7,356	7,717
DEBT COLLECTION COMMISSION				200	1,000	1,046	1,094
DESLEDGING OF VIP TOILETS				70	70	73	77
DISASTER EQUIPMENT MAINTENANCE					89	94	98
DISASTER RECOVERY	245						
DISASTER RISK REDUCTION			199	41	61	64	67
District Satellite Map				870			
EED OPERATIONAL GRANT PROJECTS		5,874	6,087	6,087	2,609	2,609	-
Electrical Repairs		10,522	15,405	20,866	23,578	24,664	25,798
Employee Vaccine & surveillance			225	157	160	167	175
EMPLOYEE WELLBEING AND AWARENESS		53		53			
Event Support and Exhibitions - El		547					
Feasibility study New Office, RISK MANAGEMENT							
COMMITTEE					301	315	323
FOOD SAMPLING		62	100	50	100	105	109
GRASS CUTTING & EPWP		4,419	6,206	7,411	9,355	9,785	10,235
IMPLEMENTATION OF AN AUTOMATED SUPPLIER							
INVOICE TRACK			150	150	100	105	109
INSURANCE	2,200						
INTERNAL AUDIT		243	500	500	410	430	450
INVESTIGATIONS			105	39	50	52	55
LED Projects		508					
Legal Fees		1,899	800	1,800	1,700	1,778	1,860
LM SUPPORT		170	316	120	200	209	219
Maintenance of charges - Lease	41,541		14,741	3,713	3,713	3,883	4,062
Maintenance of Unspecified Assets				1,414			
MAPHUMULO TRANSFER AND REG OF INDIVIDUAL							
SITES GRANT			1,200	1,200			
METER READING					1,000	1,046	1,094
MSOQA CONSULTING FEES					350	366	383
MUNSOFT CONSULTING FEES		700	1,000	1,000	400	418	438
NSNP - Hub Workers		265					
Occupational Health and Safety		318					
Open Fields - El		1,115					
PAYROLL SUPPORT		101	111	111	73	77	80
PLANT HIRE - HONEY SUCKER		144					
PLANT HIRE - JETTING MACHINE		1,767					
PLANT HIRE - TLB			12,530				
PLANT HIRE - WATER TANKER	23,372	28,622		58,200	13,050	13,650	14,278
Professional Fees - El		2,155					
PROFESSIONAL SERVICES				213			
RETICULATION REPAIRS		1,023		2,776			
Research and Development		294					
RISK MANAGEMENT COMMITTEE and Disaster equipment maintena		24					
Rural Road Asset Management		1,977	2,406	2,406	1,992	2,102	2,223
SAGE VIP LICENSE SLA		121	159	91	150	157	164
SASA Expenditure		186					
Schools Nutrition Programme - ENTERPRISE ILEMBE	13,758						
Security Services		29,716	27,368	29,022	31,134	32,566	34,064
Service advisory - LGSETA				230	300	314	328
Siza Water audit les			118	83	83	87	91
Spetial Dev Framework				565			
SPORTS DEVELOPMENT				80			
UIF Project Management - ENTERPRISE	75	2,090					
VEHICLE HIRE	7,089						
Vehicle Repairs			3,250		1,750	1,831	1,915
Vehicles and Furniture Repairs		36					
WATER CONSERVATION DEMAND				34,000	10,043	20,834	22,672
WIRELESS NETWORK	39						
YEP exp		126					
YOUTH PROGRAMME		148	600	658	700	732	766
Youth Strategy					400	418	438
			1,145				
Total contracted services	139,860	131,937	143,025	239,351	152,867	173,985	178,549

It should be noted that the adjustment on contracted services (Table A4) appears higher than the actual adjustment, this is caused by the alignment of MSCOA. The financial reform as brought by the Municipal Standard Chart of Accounts, as a result the final A4 table on contracted services shows a budget amounting to R 152.8 million.

i) General expenses

The proposed budget allocation for other expenses amounts to R 117.6 million. The decrease when compared to the adjusted budget is mainly attributable to the inflationary decrease on the Enterprise iLembe's operating expenditure. There is no external grant anticipated for operational expenditure as compared to the current financial year 2019/20. A detailed breakdown of this cost can be viewed from the supporting Table SA1. The main items on this category are:

DC29 iLembe - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue &		
	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand						
Other Expenditure By Type						
Audit fees	3,944	2,900	2,900	3,190	3,337	3,490
ELECTRICITY AND WATER	26,830	21,997	27,418	30,069	31,452	32,899
GENDER/ PWD, YOUTH PROGRAMME, HIV AND AIDS,			472			
Computer Equipment				3,555	3,719	3,890
Achievements and Awards	855			30	32	33
DEV PLANNING SHARED SERV - GRANT EXP		550	550			
ENTERPRISE ILEMBE - DEVELOPMENT OF SMMES	499					
FUEL AND OIL	10,369	13,000	10,000	12,000	12,552	13,129
FREE BASIC WATER SIZA WATER	4,983	2,330	3,692	4,061	4,248	4,444
STAFF UNIFORMS	1,669	2,606	4,157	4,655	4,869	5,093
MEMBERSHIP FEES AND REGULATORY BODIES F	2,864	2,700	2,385	3,001	3,152	3,293
PUBLIC PARTICIPATION						
PUBLIC EVENTS TRANSPORT	545			591	618	647
GIFT AND PROMOTIONAL ITEMS	775	938		1,098	1,148	1,201
HIRE CHARGES	319			1,250	1,307	1,368
INDIGENT RELIEF	90			100	105	110
PRINTING AND STATIONERY	546			1,115	1,166	1,220
LAUNDRY SERVICES, RE-ALLOCATION COSTS, QU	1		287	20	21	22
Expenditure: Operational Cost: Indigent Relief		343	120			
POSTAL SERVICES	2,087	2,340	1,955	2,142	2,240	2,343
TRAVEL AND ACCOMMODATION	2,818	1,479	547	1,951	2,038	2,129
COMMUNICATION AND ADVERTISING	3,175	1,947	1,202			
COMMUNITY SERVICE PROJECTS AND INTERNAL PROGRAMMS			2,311			
Advertising and signs				713	746	780
WARD COMMITTEE MEETINGS	52			300	314	328
RENT OF OFFICES	912			115	120	126
RADIO AND TV INTERVIEWS				500	523	547
IDM WEBSITE				113	118	123
DISASTER RELIEF AID AND AWARENESS	394			460	481	503
other expenditure Enterprise, Munsoft Support, Membership fees - C		7,270		15,270	16,097	16,837
Third Party Vendors	453	1,320	647	750	785	821
TRAINING AND CAPACITY BUILDING	1,515	2,396	1,915	2,591	2,749	2,935
ENERGY EFFICIENCY GRANT EXPENDITURE			522			
OWN TRANSPORT AND SUBSISTANCE AND TRAV	1,727	2,635	2,832	3,042	3,255	3,483
MUNICIPAL EVENTS DECORATIONS	2	39		51	54	56
SKILLS DEVELOPMENT LEVY	1,937	2,275	2,230	2,822	3,020	3,231
SMS Bulk Message Service & Cellphone payments	331	252	238	338	353	370
Property Rates	390	776	350	374	392	410
TELEPHONE MANAGEMENT SYSTEM , & OTHER I	4,402		2,045	3,923	4,104	4,293
MUNSOFT SUPPORT	1,514	1,975	1,975	2,172	2,272	2,377
INSURANCE WCA & INSURANCE PREMIUMS	3,392	3,411	5,245	5,778	6,044	6,322
PUBLIC EVENTS HIRING CHARGES		582	329			
COMPUTER LEASE, ICT LICENSES AND PRINTER	3,235	5,905	8,649	2,976	3,113	3,256
VEHICLE HIRING COSTS	19,768		10,000	250	262	274
TLB HIRING	4,046	2,688	1,640			
MOTOR VEHICLE LICENCE FEES	117	250	120	120	126	131
OTHER EXPENDITURE - ENTERPRISE		10,267	20,983			
SALGA GAMES		2,550	119	1,610	1,684	1,762
BANK CHARGES AND THIRD PARTY CHARGES	483	552	502	502	525	549
SUNDRIES - THIRD PARTY DAMAGES (300/322350)				35	37	38
ENTERPRISE ILEMBE - UIF TRAININGS	6,323					
ENTERPRISE ILEMBE -NSNP: Transportation of Vegi	5,794	11,695				
UIF Training		16,625	15,817			
UIF Learner Stipends	2,042	18,557	24,200			
UIF Tools of Trade		278	2,087			
UIF Protective Clothing	1,193	111	-			
UIF Training Venue		3,003	1,524			
UIF Project Management			3,266			
CONVENTIONAL METERS			1,304			
SHARED SERVICES , AIR QUALITY MANAGEMENT	400	3,608	3,608	3,826	4,002	4,186
Total Other Expenditure	122,790	152,150	170,141	117,611	123,328	129,198

Other expenditure category budget is anticipated to decrease and is attributable to the UIF funding that was allocated to the entity in the 2019/20 financial year which is no longer anticipated on the proposed 2020/21 financial year.

j) Surplus/Deficit

The 2019/20 adjusted budget shows a surplus of R 4.2 million while the proposed final budget 2020/21 is R 3.5 million. Furthermore, the operational expenditure includes non-cash items to the amount of R 103.3 million, which leaves a surplus of R 99.5 million when these items are added back. The non-cash items pertain to:

- Depreciation and asset impairment - R 81 million
- Debt Impairment - R 18.3 million
- Indigent free basic services R 4 million.

Although this may seem to be available surplus it is not available cash, but a target before considering creditors from prior year (2019/20), but will however cater to funding internally generated capital budget.

The surplus/ deficit is not representative of available cash, but a net of expenditure, income and capital expenditure transfers, which should be transferred to the accumulated surplus/ deficit. A higher surplus there do not resolve the cashflow and liquidity position challenges.

When compared to previous financial years, there has been a slight improvement on the financial state, however the municipality is not at a position to make any commitments outside the main service delivery. Caution should be exercised and Council should continue to striving for an increase in the operating surplus to ensure financial and service delivery sustainability.

Municipal Standard Chart of Accounts (mSCOA)

The Minister of Finance issued a gazette on the Municipal Regulations on a Standard Chart of Accounts (mSCOA) was gazetted by on 22 April 2014. National Treasury issued Municipal Regulations on a Standard Chart of Accounts (mSCOA) to non-pilot municipalities in preparation for full mSCOA compliance by 1 July 2017. Ilembe District Municipality fall in the category of non-piloting municipalities and is therefore required to transact on the mSCOA chart by 1 July 2017.

A report on mSCOA is submitted to Council, EXCO and Manco meetings on a quarterly basis. The District Municipality complied with the deadline set as per above and continues to comply with MFMA Circulars relating to mSCOA. There is a continuous monthly and quarterly reporting in terms of data strings which replaced the manual reports, where reports were previously submitted on a monthly basis. The municipal entity successfully migrated into the same financial system the District is using as per the requirements of GRAP. The budget has been prepared on version 6.4. Although there are some challenges on mSCOA, however the municipality managed to implement balance sheet and cashflow budgeting on it 2019/20 Annual Budget on the system and improved the process during the Adjustments Budget Process. The tabled draft budget was prepared in terms of mSCOA including the Cashflow and balance sheet.

The Existing Tariff Structure and Operating Revenue

Tariff-setting is a pivotal and strategic part of the compilation of any municipal budget. When tariffs and other charges were revised, local economic conditions, input costs and affordability of services were taken into account to ensure financial sustainability of the District.

National Treasury continues to encourage municipalities to keep increases in tariffs for trading services and charges for other municipal own revenue sources within the parameters of the country's inflation rate. However, municipalities must justify in their budget documentation all increases in excess of the upper boundary of the South African Reserve Bank's inflation target. The municipality will base its tariff from the proposed tariff increases of 9.6% from Umgeni Water. The bulk water tariff is way beyond the CPI and this seems unaffordable to the District, this will however not be passed on to consumers. A letter was

submitted to Umngeni on the draft bulk tariff increase as this is unaffordable to both the District and end consumers.

It must also be noted that the consumer price index "CPI", *is not a good measure of the cost increases of goods and services relevant to municipalities*. The basket of goods and services utilised for the calculation of the CPI consists of items such as food, petrol, and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water and electricity, plumbing/construction material, chemicals etc.

The current challenge facing the District is to manage the gap between cost drivers and tariffs levied. Any shortfall must be made up by either operational efficiencies or service level reductions. Within this framework, the District has undertaken the tariff setting process relating to service charges as follows:

Sale of Water and Impact of Tariff Increases

From time to time, the country faces water shortages and unstable electricity. All municipalities face challenges with regard to water supply and electricity. As a result of that, the National Treasury encourage municipalities to carefully review the level and structure of their water tariffs. This will ensure that:

- Water tariffs are cost reflective and they include the cost of maintaining and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor;
- That water tariffs are designed to encourage efficient and sustainable consumption;
- That water supplied is clean and drinkable.

Better maintenance of infrastructure, new reservoirs construction, expanded reticulation and cost reflective tariffs to ensure that the supply of water challenges are managed in future to ensure sustainability.

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. However, there has not been any determination by NERSA since the impasse around Eskom's application.

While the court case between NERSA and Eskom is still pending, municipalities should use the tariff increases previously (March 2019) approved by the regulator of 8.1 per cent for 2020/21, 5.2 per cent 2021/22 and 8.9 per cent for 2022/23. That is a further increase that has and impose a negative impact on the supply of water as water purification plants, reservoirs, water networks and distribution relies heavily on electricity.

Furthermore National Treasury advised, municipalities must adopt a tariff setting methodology that achieves an appropriate balance between the interests of poor households and other customers while ensuring financial sustainability of the municipality.

In view of the above and other outlined challenges the municipality is proposing a 9.6% normal increase and a cost reflective increase of 0%, effective from the 1st of July 2020 to June 2021.

Cost Reflective Tariffs

Circular 70 requires municipalities to use cost reflective tariffs in billing their customers. The District complied with the said circular from which the year of its first implementation was 2014/15 up to 2016/17. In the current MTREF budget, the District has not imposed the cost reflective element on the tariff increase. This however burdens the sustainability of the municipality more on maintenance of infrastructure.

Sanitation and Impact of Tariff Increases

A tariff of 9.6 per cent for sanitation effective from 1 July 2020 is proposed. This is based on property valuation from local municipalities, namely; KwaDukuza, Mandeni, Ndwedwe & Maphumulo Municipality's valuation roll. It should be noted that bulk purchases costs contribute significant portion of input as well as electricity on waste water treatment input costs than the CPI. Additional factors also contribute to the proposed tariff increase:

- Based on property valuation from local municipalities
- Free sanitation will be applicable to registered indigents and the total revenue anticipated in rendering this service.

Although the District Municipality does not have control over the valuation as the document is maintained and implemented by local municipalities, it was resolved that this basis of calculation should be on property valuation.

In view of the above assumptions, deliberations and observations, it is proposed that the District's tariff and other charges be increased as follows and be advertised to the general public for comments:

Type of Service	Proposed Tariff Increase
Water charges	9.6%
Sewer charges	9.6%
Miscellaneous tariffs	Various (not exceeding 9.6%)
Cost Reflective portion of the tariff increase	0%

1.4 The following annual budget tables have been populated and are annexed to this item as Annexure A

Table A2: Budgeted Financial Performance (Revenue and Expenditure by standard classification)
Table A3: Budgeted Financial Performance (Revenue and Expenditure by municipal vote)
Table A4: Budgeted Financial Performance (Revenue and Expenditure)
Table A5: Budgeted Capital Expenditure by Vote, Standard Classification & Funding Source)
Table A6: Budgeted Financial Position
Table A7: Budgeted Cash Flow
Table A8: Cash backed reserves/accumulated surplus reconciliation
Table A9: Asset Management
Table A10: Basic service delivery measurement

PART 2 – SUPPORTING DOCUMENTS

2.1 Overview of the annual budget process with Integrated Development Plan

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality as well as the chair of the Finance Portfolio Committee, under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in IDM's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly valued and prioritised in the allocation of resources.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents.

The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

- Provision of quality basic services and infrastructure,
- Economic growth and development that leads to sustainable job creation
- Fight poverty and build clean, healthy, safe and sustainable communities
- Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
- Promote sound governance

The 2020/21 budget is linked to the IDP as the review was an aligned process of the budget as per the budget timetable as approved by Council in August 2019. This has then been translated to the plan of the municipality for the year, i.e. the service delivery and budget implementation plan.

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.3 Measurable Performance Objectives

The performance objectives of the significant revenue streams of the District are recommended as follows:

Area	Performance Target
Water sales	Collection ratio in excess of 65%
Sewer charges	Collection ratio in excess of 65%
Miscellaneous tariffs	Collection ratio in excess of 65%

2.4 Overview of the Budget Related Policies

The following budget related policies are applicable to the 2020/21 budget process. Policies are reviewed in the financial year's 2020/21 budget process and will be applicable during implementation, however the recommendation for amendment will be further be discussed during the public participation period prior to approval in May. The policies applicable are as follows:

- Tariff policy
- Fixed Assets Management Policy
- Banking, Cash Management & Investments Policy
- Inventory Management Policy
- Indigent Management Policy
- Petty Cash Policy
- Credit Control & Debt Collection Policy
- Supply Chain Management Policy
- Virement Policy
- Unauthorized, Irregular, Fruitless & Wasteful Expenditure Policy
- Budget Policy
- Customer Care and Management Policy
- Borrowing Policy
- Funding and Reserves Policy
- Long Term Financial Planning
- Infrastructure, Investments and Capital Projects
- Austerity Measures Policy
- Accounts Payable Policy
- Payroll Policy

Listed below is a brief description of the budget-related policies. The policies are attached thereto under Annexure D

2.4.1 Supply Chain Management Policy

The comprehensive Supply Chain Management Policy governs, inter alia, the procurement of goods and services; disposal of goods and selecting contractors to aid the Municipality in service delivery. This policy sets out the procedures that must be followed for the above activities in order to comply with all relevant legislation effectively.

2.4.2 Fixed Asset Management Policy

The Fixed Asset Management Policy governs the acquisition, utilisation, control, maintenance and disposal of assets of IDM. This policy ensures that assets are managed in an economical, effective and efficient manner throughout their life cycles, to achieve the maximum level of service.

2.4.3. Credit Control & Debt Collection Policy

The Credit Control & Debt Collection Policy, adopted by Council, focuses on all outstanding debt and aims to promote a culture of good payment habits amongst debtors. Debtors have a responsibility towards the payment of their accounts. This policy implements an appropriate, innovative system of debt collection, which is also cost-effective. The aim of this policy is to ensure that debt is collected in the shortest possible time, without any interference in the process, thereby reducing all municipal debt.

The Credit Control & Debt Collection Policy ensures a sensitive, transparent and equitable approach to debt recovery. It prescribes methods to effectively and efficiently deal with those who default on payments, whilst taking indigent consumers into consideration and keeping costs to a minimum.

2.4.4 Funding & Reserves Policy

The Funding & Reserves Policy is aimed at ensuring that the IDM procures sufficient and cost-effective funding to achieve its capital expenditure objectives in an optimum manner. This policy must be adhered to in the procurement of funding, whilst considering the maturity profile of IDM's assets and liabilities.

This policy sets out the assumptions and methodology for estimating:

- Revenue;
- Revenue that will not be collected;
- Proceeds from the disposal of assets;
- Proceeds from borrowings; and
- Funds to be set aside in Reserves (excluding Reserves held in order to comply with GRAP standards)

2.4.5 Cash Management & Investment Policy

The Investment & Cash Management Policy ensures that all investments are made in an effective and efficient manner and generate the best return for IDM. This policy ensures that all investments made take into account the preservation and safety of the principal and appropriate liquidity.

2.4.6 Virement Policy

The Virement Policy is in place to ensure good budgeting practice, effective financial management and improved budgetary controls. This policy establishes a framework for managers to administer their budgets successfully and remain within limitations.

2.4.7 Long Term Financial Planning

A policy has been developed on the Long term financial planning of the Municipality to achieve IDM's 2027 vision. Council reviews all budget-related policies annually. These policies are in compliance with all relevant legislation.

2.4.8 Indigent Management Policy

The Indigent Policy ensures that basic services are provided by IDM to all indigent members of its community in a sustainable manner, within the Council's financial capacity. Indigent households, in terms of this policy, qualify for free basic water (6kl) and sewer. All conditions stated in this policy must be met before a household may be registered as "Indigent". Households are required to formally apply for relief and must register each year for indigent support. The prescribed documentation is available from IDM Offices. IDM currently has revenue desks to also assist with the process of registration; this is also done at municipal offices.

2.4.9 Tariff Policy

The Tariff Policy is the policy for levying fees; rates or taxes for the municipal services provided by IDM. Tariff calculations are based on the nature of the service provided and treat all users of municipal services equally, by ensuring that consumers pay in proportion to the amount of services consumed. This policy covers the Tariff Determination Process and also the Classification and Pricing Strategies of Services. It highlights the fact that all proposed tariffs are presented to the community of during the Council's consultation process in respect of the MTREF. The aims of this policy are:

- To promote local economic development' growth and competitiveness

- to cater for the indigent households whilst keeping rates affordable
- to ensure financial sustainability of service delivery

This Policy complies with the MSA.

2.4.10 Borrowing Policy

The Borrowings Policy establishes a framework for incurring debt. It must be noted, however, that IDM does not raise any short-term debt. The guidelines provided in this policy ensure that IDM adheres to all statutory requirements regarding long-term debt. This policy aims to obtain funds at the lowest possible interest rates, and with minimum risk.

2.4.11 Budget Policy

The Budget Policy sets out the principles followed by IDM in drafting the MTREF. This policy covers the responsibilities of the Mayor; the MM; the CFO and other senior managers in preparing the MTREF. The operating and capital budget; budget funding; budget transfers; unavoidable expenditure and the budget preparation process are covered extensively.

2.4.12 Infrastructure, Investments & Capital Projects

This policy deals with investments in Infrastructure and Capital Projects to address the backlogs in service delivery as well as to promote economic growth within iLembe and surroundings.

2.4.13 Inventory Management Policy

The policy aims to achieve the following objectives which are to:-

- a) Provide guidelines that employees of the Municipality must follow in the management and control of inventory, including safeguarding and disposal of inventory.
- b) Procure inventory in line with the established procurement principles contained in the Municipality's Supply Chain Management Policy.
- c) Eliminate any potential misuse of inventory and possible theft.

2.4.14 Petty Cash Policy

This policy aims to regulate the use of Petty Cash Float within IDM and to ensure that in disbursing petty cash funds the Municipality is within the ambit of Municipal Finance Management Act (MFMA).

2.4.15 Unauthorized, Irregular, Fruitless & Wasteful Expenditure Policy

The objectives of this policy includes amongst other things:

- (a) Emphasising the accountability of employees ;
- (b) Ensuring that employees have a clear and comprehensive understanding of the procedures they must follow when dealing with unauthorised, irregular or fruitless and wasteful expenditure;
- (c) Ensuring that resources made available to employees are utilised efficiently, effectively, economically and for authorised official purposes;
- (d) Ensuring that the Municipality's resources are managed in compliance with the MFMA, the Municipal Regulations and other relevant legislation,
- (e) Ensure that irregular, unauthorised or fruitless and wasteful expenditure is detected, processed, recorded, and reported timeously.

2.4.16 Customer Care & Management Policy

Through this policy the municipality's aim is to ensure that a customer will be able to contact the municipality conveniently and will be treated courteously, promptly and fairly. The customer will receive a clear response to any service request or enquiry within a stated period of time.

2.4.17 Austerity Measures Policy

The aim of this policy is to prescribe cost containment measures for iLembe District Municipality in line with Treasury Instruction 01 of 2013.

2.4.18 Accounts Payables Policy

This policy is aimed at prescribing a process to be followed for the control and processing of all payments in terms of the Municipal Finance Management Act, Act no 56 of 2003.

2.5 Budget Assumptions

In the compilation of this draft budget, the following influencing factors were considered:

- In the compilation of this draft budget, the following influencing factors are hereby table:
- Normal inflationary increases and pressures;
- That the budget is zero based, incremental and programme based;
- Inflation is 4.5% for the 2020/2021, 4.6% and 4.6% for 2021/22 and 2022/2023 respectively.
- An estimated as average for salary increase as Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 (Annexure D), increase based on 5% percentage for 2020/21, plus one comma five percent (1.5), resulting to an average of 6.5%.
- That there will be no changes to the powers and functions of the District during 2020/2021 financial year;
- That more than 65 % of revenue budgeted for will be collected;
- That all DORA allocations will be received during the 2020/2021 budget year.
- Increase to Tariff of charges for water and sewer of 9.6% and 9.6 for all tariff of charges.
- That the austerity measures implementation will still be in operation in the medium term.
- An annual increase of 9.6% from Umgeni Water.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management, which aims to ensure over 65% annual collection rate for key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing /calculating the revenue requirement of each service; and
- Calculation and determination of cost reflective tariffs.
- The iLembe District municipality's Indigent Policy and rendering of free basic service; and tariff policies of the District.

2.5.1 Siza water tariff of Charges

The tariff of charges for Siza water Concession area are hereby on Annexure I. The increase is set at 7%. The tariff are attached as **annexure I**

2.6 Overview of Budget Funding

The budget is funded out of a number of revenue sources, which includes grants, water and sanitation service charges, investment income and other miscellaneous revenue. This can be viewed in more detail on table A8, sitting at R 229 million in the 2021 financial year.

Section 17 and 18 of the MFMA legislates how a municipal budget should be funded. Additionally, MFMA Circular 42 – Funding a Municipal budget requires an alignment of the budget and cash backed reserves/ accumulated surplus to ensure that the budget is appropriately funded.

It should be noted that the District highly reliant on grant funding. The capital budget will be funded through three funding sources:

- Own Funding – Council
- Grant Funding (National and Provincial)
- Borrowings

Funding of the tabled budget has taken into account the requirements of section 18 of the MFMA Act no. 53 of 2003. The capital budget is however not funded through the cash backed reserves.

The current cash flow projections are a depiction of the previous two years which was estimated that the cash position will eventually pick up (in the two upcoming years). The progress to an improved funding has been positive with a trend of downslope in between, however the level of spending slightly moved from the cost containment measures and that has resulted in the extension of financial recovery. However, based on the provided A schedules the District's budget is funded. Further details can also be viewed from Table A8 and supporting Table SA10.

As a measure to the severe cash strain, the municipality will continue to implement its Revenue enhancement strategy in place to improve the revenue collection. The assumption of 65% collection rate. This calculation is based on the current strategies in place and decisions taken to align such.

Cash Flow

The tabled budget year end cash balance is estimated at R 229.3 million by the end of the 2020/2021, R 204.5 million, R 216.5 million for 2021/22 and 2022/23 respectively. As mentioned above, the current cash further cashflow analysis could be obtained from table A7. With all assumptions above and analysis made from the current financial year and the audited outcome, the draft budget is funded, however care should be given that the budget is monitored closely to eliminate spending on non- priority programmes.

DC29 iLembe - Table A7 Consolidated Budgeted Cash Flows

Description	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates					-	-	-	-	-
Service charges	104,613	107,174	138,078	152,016	143,635	143,635	166,407	242,977	255,503
Other revenue	9,271	25,655	60,222	32,716	30,384	187,241	156,335	143,415	167,259
Transfers and Subsidies - Operational	385,967	502,725	532,222	643,116	674,982	674,982	644,214	718,054	776,381
Transfers and Subsidies - Capital	394,277	332,503	366,720	296,596	254,653	254,653	225,228	228,341	244,693
Interest	3,108	8,360	13,105	35,073	33,393	33,393	30,330	32,069	33,909
Dividends					-	-	-	-	-
Payments									
Suppliers and employees	(520,519)	(528,716)	(837,476)	(734,750)	(981,290)	(981,290)	(1,031,883)	(1,145,824)	(1,208,073)
Finance charges	(9,977)	(10,566)	(8,155)	(12,403)	(11,357)	(11,357)	(12,691)	(10,938)	(9,591)
Transfers and Grants	(7,363)			(33,614)					
NET CASH FROM/(USED) OPERATING ACT	359,377	437,135	264,717	378,550	144,400	301,257	197,939	208,093	260,080
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	199								
Decrease (increase) in non-current receivables			69,386		62,667	62,667	62	195	205
Decrease (increase) in non-current investments	(1,390)	(1,477)	(7,346)	27,146	31,990	31,990			
Payments									
Capital assets	(362,439)	(338,807)	(217,320)	(347,948)	(270,301)	(270,301)	(202,796)	(199,185)	(213,946)
NET CASH FROM/(USED) INVESTING ACT	(363,630)	(340,283)	(135,361)	(320,802)	(176,245)	(176,245)	(202,734)	(198,990)	(213,742)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans									
Borrowing long term/refinancing									
Increase (decrease) in consumer deposits									
Payments									
Repayment of borrowing	(25,594)	(27,334)	(10,237)	(52,851)	(48,472)	(48,472)	(37,372)	(33,867)	(34,378)
NET CASH FROM/(USED) FINANCING ACT	(25,594)	(27,334)	(10,237)	(52,851)	(48,472)	(48,472)	(37,372)	(33,867)	(34,378)
NET INCREASE/ (DECREASE) IN CASH HE	(29,847)	69,518	119,118	4,897	(80,317)	76,540	(42,167)	(24,763)	11,960
Cash/cash equivalents at the year begin:	36,143	6,296	75,814	73,126	194,932	194,932	271,473	229,306	204,542
Cash/cash equivalents at the year end:	6,296	75,814	194,932	78,023	114,616	271,473	229,306	204,542	216,502

2.7 Expenditure on Grants and Reconciliations of Unspent Funds

An amount of R 834 million (inclusive of VAT) will be secured through grant funding from National inclusive of MIG and WSIG, and Regional Bulk infrastructure Grant. Grants allocated as per the DoRA can be viewed on SA18.

DC29 iLembe - Supporting Table SA18 Transfers and grant receipts

Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand								
RECEIPTS:								
Operating Transfers and Grants								
National Government:	390,006	460,250	515,603	593,808	621,067	608,846	680,262	736,132
Local Government Equitable Share	374,582	419,734	468,670	516,503	516,503	566,794	623,486	680,793
Finance Management	1,250	1,250	1,000	1,000	1,000	1,000	1,000	1,000
DEPT OF LABOUR UIF GRANT				40,880	50,297	-	-	-
WSIG OPERATING Funded (VIP TOILETS)	4,000	10,000	-		10,000	-	-	-
WSIG OPERATING Funded (VIP TOILETS)					751	11,550	23,959	25,382
Rural Transport Services and Infrastructure	2,174	2,266	2,271	2,406	2,406	2,291	2,417	2,557
Energy Efficiency and Demand Management		-	7,000	10,000	10,000	3,000	3,000	-
EPWP OPERATING GRANT		1,000	1,731	2,019	2,019	4,746	-	-
DISASTER COVID 19 GRANT - OPEX		-	13,781		389			
MIG OPERATING Funded (VIP TOILETS)	8,000	26,000	21,150	21,000	27,702	19,465	26,400	26,400
Provincial Government:	-	-	15,000	550	10,004	-	-	-
Development Planning Shared Services - COGTA				550	550			
KZN COGTA GRANT - Wi-Fi, Biomass, Mini Factories			10,000		5,949			
YEP OPEX					856			
District Imagery Grant					1,000			
Spatial Dev. Framework Grant					650			
SIBHUDU CAVES AND KWASHUSHU HOTSPRING			1,200		1,000			
CORRIDOR DEVELOPMENT PROGRAMME			1,000					
RASET PROGRAMME - OPEX			2,800					
Other grant providers:	-	-	700	-	1,320	-	-	-
Section 21 Schools: National Schools Nutrition Programme					82			
MICT SETA			700		788			
SIBHUDU CAVES AND KWASHUSHU HOTSPRING - MAP CONTRIBUTION			350		450			
Total Operating Transfers and Grants	390,006	460,250	531,303	594,358	632,391	608,846	680,262	736,132
Capital Transfers and Grants								
National Government:	366,786	391,626	343,299	301,596	261,351	225,228	228,341	244,693
Municipal Infrastructure Grant (MIG)	178,984	178,126	167,353	171,596	164,894	171,778	182,300	195,075
Regional Bulk Infrastructure	127,452	145,000	75,446	35,000	35,000			
EPWP	1,850	-	-					
Energy Efficiency and Demand Side Management Grant		6,000	-					
WSIG	58,500	62,500	100,500	90,000	61,249	53,450	46,041	49,618
YEP GRANT PROJECTS				5,000	-			
DISASTER COVID19 CAPEX					207			
Provincial Government:	-	-	-	-	7,000	-	-	-
YEP GRANT PROJECTS					5,000			
SPECIALIZED FIRE AND RESCUE VEHICLE					2,000			
District Municipality:	10,817	-	-	-		-	-	-
KwaDukuza Municipality MIG Transfer				-				
Ndwedwe Town Development - (incl rollover)	10,817			-				
Total Capital Transfers and Grants	377,603	391,626	343,299	301,596	268,351	225,228	228,341	244,693
TOTAL RECEIPTS OF TRANSFERS & GRANTS	767,609	851,876	874,602	895,954	900,741	834,074	908,603	980,825

iLembe District Municipality MTREF – 2020/2021-2022/2023

These grant will be spent this financial year for the purposes outlined in the memorandum of agreements and as set out in DoRA and includes DoRA allocations. Further details can be obtained on budgetary line items as disclosed in budget supporting documentation supporting table SA18, 19, and 20.

2.8 Allocations of grants made by the Municipality

The budget related to funds made by the municipality amounts to R 19.9 million (VAT excl.) in the 2020/21 financial year while the total in the MTEF is R 62.8 million. Projects funded through this relate to the construction of VIP toilets in the Maphumulo, Mandeni and Ndwedwe areas.

2.9 Councilor and board member allowances and employee benefits

The consolidated (inclusive of the municipal entity) employee related cost is budgeted at R 274.9 million (2020: R 247.4 million). An estimated as average for salary increase as Salary and Wage Collective Agreement for the period 01 July 2018 to 30 June 2021 dated 15 August 2018 (Annexure D), increase based on 5% percentage for 2020/21, plus one comma five percent (1.5), resulting to an average of 6.5%. Furthermore this budget has provided for vacant posts that were to be have been filled during the 2019/20 financial year.

Supporting tables SA22 provides the expenditure on employee related costs. The total employee related costs plus councillors represent 31% of the total operating expenditure. This percentage is within the 30-40% threshold as required on MFMA Circular 71.

The workings on employee related costs reflects an increase of 11%, this is not next year's increment but the % includes the 6.5% salary increase plus the vacant posts amounting to R9.1 million anticipated to be filled in the next financial year 2021. The number of posts is estimated at 107 posts which is mainly dominated by heavy duty drivers and heavy duty driver's assistants. Filling of the posts will be determined by the cash flow positions which is impacted by various factors, however these are budgeted for 12 months. The process for the Senior Manager Community Services post has been advertised in the current financial year 2019/20, based on the HR processes, te post will possibly be filled in the new financial year starting in July 2020.

2.10 Service Delivery & Budget Implementation Plan (SDBIP)

The Draft Service Delivery and Budget Implementation will be tabled at Council 28 days after the budget has been tabled, in accordance with the requirements of the Municipal Finance Management Act.

2.11 Capital Expenditure Details

The proposed capital budget reflects a total amount of R 202.8 million in the 2020/21 financial year; R 199.2 million and R 212.7 million for 2021/22 and 2022/23 respectively (excluding VAT) representing all categories identified as priority areas for capital expenditure during the review of the 2018-2022 IDP.

The Total capital budget for the entire MTREF amounts to R 615.9 million.

DC29 iLembe - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue &		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional								
Governance and administration	11,558	6,216	3,995	68,541	78,479	6,796	377	320
Executive and council								
Finance and administration	11,558	6,216	3,995	68,541	78,479	6,796	377	320
Internal audit								
Community and public safety	-	-	296	1,800	1,980	-	-	-
Community and social services			296		180			
Health				1,800	1,800	-		
Economic and environmental services	-	-	-	4,698	5,414	150	250	850
Planning and development				4,698	5,414	150	250	850
Trading services	350,812	299,941	237,382	272,910	257,577	195,850	198,557	212,776
Energy sources								
Water management	325,209	273,242	183,103	182,958	195,274	162,979	114,323	119,406
Waste water management	25,603	26,699	54,279	89,951	62,302	32,871	84,234	93,370
Total Capital Expenditure - Functional	362,370	306,157	241,672	347,948	343,449	202,796	199,185	213,946
Funded by:								
National Government	234,173	304,204	234,807	257,910	247,578	195,850	198,557	212,776
Provincial Government			2,159	4,348	7,648			
District Municipality								
Other transfers and grants	4,320							
Transfers recognised - capital	238,494	304,204	236,966	262,257	255,226	195,850	198,557	212,776
Borrowing	109,730		672	63,149	73,149	-	-	-
Internally generated funds	14,146	1,953	4,034	22,543	15,075	6,946	627	1,170
Total Capital Funding	362,370	306,157	241,672	347,948	343,449	202,796	199,185	213,946

The proposed budget focuses on the expansion and refurbishment of infrastructure in order to ensure the District is able to deliver services in a timely manner while creating job opportunities. Eighty percent (97%) of the capital budget is set aside for service delivery

objective under trading services amounting to R 195.8 million. Governance and Admin has been allocated 3% of the total capital budget. Thirty point eight percent (30.8%) is allocated to Renewal and upgrading of Existing Assets as % of total capex while seventy two (68.9%) is allocated towards construction of new assets. It should be noted however that majority of these infrastructure projects are multi-year.

Trading Services Projects are divided into the following categories:

2.11.1 Water Services

A total of R 162.9 million has been budgeted for the construction water infrastructure, of which R 83.7 million is for new water services assets. Table A9 budget schedules breaks down expenditure into refurbishment of the existing assets and new assets. All local municipal areas will benefit from this provision. Renewal of water infrastructure projects amount to R 41.2 million.

2.11.2 Water Waste Management

A total of R 70 million has been provided on the capital budget to refurbish the existing assets as well as construction of new waste water assets. As the old infrastructure ages, there is a demand for provision of more funding to renew the infrastructure in ensuring continued service delivery. This is done through repairs under operational budget and refurbishment through the capital budget.

A detailed breakdown of capital projects could be viewed on SA 35. Supporting schedules SA6 provides a breakdown of an alignment to the District's IDP strategic objectives against the proposed budget.

2.11.3 Capital Budget Funding

DC29 iLembe - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description R thousand	2016/17	2017/18	2018/19	Current Year 2019/20		2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Capital Expenditure - Functional								
Funded by:								
National Government	234,173	304,204	234,807	257,910	247,578	195,850	198,557	212,776
Provincial Government			2,159	4,348	7,648			
District Municipality								
Other transfers and grants	4,320							
Transfers recognised - capital	238,494	304,204	236,966	262,257	255,226	195,850	198,557	212,776
Borrowing	109,730		672	63,149	73,149	-	-	-
Internally generated funds	14,146	1,953	4,034	22,543	15,075	6,946	627	1,170
Total Capital Funding	362,370	306,157	241,672	347,948	343,449	202,796	199,185	213,946

2.11.3.1 National Grant Funding

Total grant allocation on the Division of Revenue Allocation for the 2020/21 MTREF capital projects amounts to R 195.8 million, it remains a multiyear project. Included in the total grant allocation is **(projects are on table SA37- detailed capital budget)**:

- Municipal Infrastructure Grant R 191.2 million, while only R 171 million is allocated for capital projects.
- Water Service Infrastructure Grant R 65 million, however only R 53.4 million is allocated for capital budget.
- During the finalisation the following adjustment was made:

- The capital budget was adjusted to R 20 million accommodate the expenditure for COVID19 related expenditure in the 2021 financial year funded by MIG, by adjusting the draft budget projects under MIG.

The Regional Bulk Infrastructure Grant was not appropriated in the DoRA, as a result projects funded by this grant is affected.

There were no provincial grants prior to tabling this budget.

2.11.3.2 Internally generated Funding

The projects on this funding amounts to R 6.9 million, budget as previously mentioned in order to ensure the budget is funded while also ensuring sustained service delivery. The increase is attributable to the ICT compulsory projects:

- IT Department R 6.3 million
 - Server refresher
 - Network upgrade system
- Corporate Services admin R 435 thousand furniture and computer equipment

2.12 The Total Expenditure for 2021 is as follows:

R '000	2020/21
OPERATIONAL EXPENDITURE	909.1
CAPITAL EXPENDITURE	202.1
TOTAL	1,111

The 2021 total expenditure budget amounts to R 1.1 Billion, while the total Medium Term Expenditure Framework amounts R 3.5 billion.

2.13 Contracts having future budgetary implications

The municipality currently has a contract with Siza Water, which is a 30 year agreement. This has been reflected accordingly on supporting table SA33.

Contracted Services

An amount budgeted for contracted services in the current financial year is R 152.8 million (2019/20: R 192.4 million) is proposed. The budget for this item has resulted in a decrease that forms part of the intervention to contain costs in order to respond to the current financial challenges. A breakdown of all the contracted services can be viewed on the supporting table SA1.

2.14 Other Supporting Documents

The following supporting schedules have been populated (where applicable) and are annexed hereto:

SA1: Supporting Detail to Budgeted Financial Performance
SA2: Matrix Financial Performance Budget (revenue source/expenditure type and dept.)
SA3: Supporting detail to Budgeted Financial Position
SA4: Reconciliation of IDP, Strategic Objectives and Budget (Revenue)
SA5: Reconciliation of IDP, Strategic Objectives and Budget (Operating Expenditure)
SA6: Reconciliation of IDP, Strategic Objectives and Budget (Capital Expenditure)
SA7: Measurable Performance Objectives
SA8: Performance Indicators and Benchmarks
SA9: Social, Economic and Demographic Statistics and Assumptions
SA10: Funding Measurement
SA11: Property Rates Summary
SA12a: Property Rates by category (current year)
SA12b: Property Rates by category (budget year)
SA13: Property Rates by Category
SA14: Household Bills
SA15: Investment Particulars by Type
SA16: Investment Particulars by Type
SA17: Borrowing
SA18: Transfers and Grant Receipts
SA19: Expenditure on Transfers and Grant Programme
SA20: Reconciliation of Transfers, Grant Receipts and Unspent Funds
SA21: Transfers and Grants made by the Municipality
SA22: Summary Councillor and Staff Benefits
SA23: Salaries, Allowances and Benefits (political office bearers/councillors/senior managers)
SA24: Summary of Personnel Numbers
SA25: Budgeted Monthly Revenue and Expenditure
SA26: Budgeted Monthly Revenue and Expenditure (Municipal Vote)
SA27: Budgeted Monthly Revenue and Expenditure (Standard Classification)
SA28: Budgeted Monthly Capital Expenditure (Municipal Vote)
SA29: Budgeted Monthly Capital Expenditure (Standard Classification)

SA30: Budgeted Monthly Cash Flow
SA32: List of External Mechanisms
SA33: Contracts having Future Budgetary Implications
SA34a: Capital Expenditure on New Assets by Asset Class
SA34b: Capital Expenditure on the Renewal of Existing Assets by Asset Class
SA34c: Repairs and Maintenance Expenditure by Asset Class
SA34d: Depreciation by Asset Class
SA35: Future Financial Implications of the Capital Budget
SA36: Detail Capital Budget
SA37: Projects Delayed from Previous Financial Years
SA38 - Supporting Table Consolidated detailed operational projects

2.14.1 Revenue collection

The 2019/20 collection rate was sitting at an average of 65%. Progress on the collection rate is still a standing item at various structures of management and Finance Portfolio Committee. Revenue collection is a priority in the District, Revenue collection remains a priority in the District. The municipality has a Revenue and Expenditure Management Steering committee that was established to effectively discuss and implement revenue enhancement and protection, debt collection and cost containment measures as well as how modern strategies can be maximised in the course of conducting municipal business in order to enhance operational efficiencies.

The municipality target collecting 65% of revenue in the 2020/21 financial year. This estimate is based on the average collection rate as per the previous financial years. Treasury estimates a collection above this rate, however considering the economic state, 65% is proposed.

The following are practical activities aligned to improving the collection rate:

- There are areas that the municipality has identified during the Thuma Mina programme that need to be read or prioritised as a matter of eradicating illegal connections.
- The issue of faulty prepaid meters as well is an issue and there are more conversions being and to be carried out that will ensure that meters are read and billed.

- The newly introduced handheld meter reading devices enhance revenue as meters will now be read using advanced handheld devices. This will ensure that the meter is read and is taken on the system if there wasn't any.
- Additional meters that are picked up on the ground that had previously not been on the system are identified and will be taken on and read on a monthly basis.
- Use of external service provide to deal with the backlog in regards to outstanding new connections. This is being done and will ensure additional meters are now taken on and are read and billed.
- There are areas that will now have consistent water supply which will mean that meters will be read frequently and billed frequently.
- Furthermore, the following strategies will be implemented:
 - Development of Revenue Collection Strategies will be tabled prior to finalisation of the 2021 budget.
 - Focus on the Water Conservation and Demand Management to curb the Water Losses including installation of pressure reducing valves.
 - The projects to be commissioned in the 2020/21 will be identified accordingly.
 - Strengthening of internal controls and strict measures to the standard operational procedures to minimise waste and inefficiencies.
 - Various task teams will be established to deal with problems impacting the implementation of the budget, mainly operations of the municipality.
 - Investigating the need to outsource meter reading and revenue collection
 - Enhancement of the communications strategy in relation to revenue collection
 - To investigate developments to take place during the MTREF

2.14.2 Implementation of the credit control policy

The credit control is being enforced in the following manner:

- Businesses are being restricted/disconnected when payment is not received,
- Restrictions are also being done for residential consumers
- Outstanding debt is also being handed over to a debt collector,
- For government debt, National and Provincial Treasury and Provincial Co-operative Governance and Traditional Affairs (COGTA) is assisting with collection;

2.14.3 Data Cleansing

- The consumer data that the district has, is compared to that of the family of municipalities within the district in order to check consistency in information and billing.
- Where there are discrepancies, a physical verification is performed,
- Water and sewer accounts have been consolidated, which allows the district to disconnect or restrict when payment is not received, as well as allocation of payments to both sewer and water accounts.
- The cleansing of data will assist in improving the quality of billing information.

2.14.4 Indigent Support

The Indigent benefit is functional at IDM and the Register is growing steadily and the growth is low. Our policy grant us the right to use the Local Municipalities register.

- Economic profiling and risk analysis of households is done periodically,
- This analysis is also used to identify people who are possibly indigent and those targeted households will be visited in order to ascertain whether those people are really indigent (they will be requested to fill the application forms and submit all relevant documentation and will be assessed according to the criteria of being indigent).
- There is an exercise done through Vuthela Programme.

2.15 Municipal Entity – Enterprise iLembe

iLembe District municipality has one municipal entity, Enterprise iLembe which focuses mostly on the local economic development within the district. The budget for the municipal entity for the 2020/2021 financial year was initially appropriated at R 35.3 million during the draft budget. It must be noted that the municipality has to submit a consolidated budget together with the entity. The Entity budget could be further viewed on SA31.

Enterprise iLembe - Table D1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20			Medium Term Revenue and Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	-	-	-	-	-	-	-	-	-
Investment revenue	253	273	820	700	562	562	400	500	600
Transfers recognised - operational	21,481	24,829	47,779	72,694	95,477	95,477	39,830	37,666	40,114
Other own revenue	9,175	18,204	23,522	31,546	16,081	16,081	18,636	18,685	18,735
Total Revenue (excluding capital transfers and contributions)	30,909	43,307	72,120	104,940	112,120	112,120	58,866	56,851	59,450
Employee costs	12,066	14,357	18,057	22,003	20,540	20,540	20,456	21,786	22,832
Remuneration of councillors	564	551	660	703	814	814	837	877	919
Depreciation & asset impairment	1,177	1,164	2,108	1,557	2,748	2,748	2,826	2,961	3,103
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	1,777	2,119	1,091	201	354	354	11,055	11,062	11,069
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	14,626	23,408	48,333	80,092	87,053	87,053	23,645	19,896	20,640
Total Expenditure	30,209	41,598	70,249	104,556	111,508	111,508	58,819	56,582	58,563
Surplus/(Deficit)	700	1,709	1,872	384	612	612	47	269	886
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	4,348	5,000	5,000	-	-	-
Surplus/(Deficit) after capital transfers & contributions	700	1,709	1,872	4,732	5,612	5,612	47	269	886
Taxation	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	700	1,709	1,872	4,732	5,612	5,612	47	269	886
Capital expenditure & funds sources									
Capital expenditure	189	300	4,993	4,698	5,414	5,414	150	250	850
Transfers recognised - capital	-	-	-	4,348	5,000	5,000	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	189	300	4,993	350	1,066	1,066	150	250	850
Total sources of capital funds	189	300	4,993	4,698	6,066	6,066	150	250	850

2.16 Service Agreements

Adequate provision has been made on the operational budget to meet the expected expenditure for the following significant service providers:

Supplier	Nature of Service
CICS (Pty) Ltd	Software maintenance contract
KwaDukuza Municipality	Electricity
Telkom	Tele-communication
Siza Water	Water and sewer Concession
Umgeni Water	Water
Capital Office Automation	Lease of printers and photocopiers
Fleet Horizon	Lease of Municipal Fleet

2.17 Public Consultation and Publication of 2019/20 Draft Budget

The budget was adopted by Council on the 6th May 2020, which then initiated the public participation process. The budget was published on the on the local newspapers and municipal website to invite comments from the community as per the requirements of the Act. The municipality will comply with Government Gazette, 25 March 2020, in line with the municipal responsibilities read together with the above S22 of the MFMA and Chapter 4 of the Municipal Systems Act.

2.7.1 Public Comments

Comments on the Draft Budget 2021 were received by the municipality from various parties including individuals and organisations, directed to the office of the municipal manager. Included on these comments were mainly the objection to the increase on tariffs. Comments are annexured hereto as **Annexure H**. These will form part of the final budget document including comments received during the radio on the IDP and Draft budget 2020/21. The total comments received by the municipality amounts to +-34 and these were discussed broadly at the budget steering Committee.

2.17.2 Provincial Treasury High Level Assessment

As required by the Act, Provincial Treasury has conducted the assessment on the draft budget in terms of compliance and funding requirement. The high level assessment is on **Annexure G** of this report. Provincial Treasury's conclusion on municipality's draft budget was as follows:

Funding of budget - In order for the municipality to continue to provide services and extend their services to the community, the municipality's budget should be funded in accordance with the legal requirements of the MFMA. Based on Treasury's assessment of your 2020/21 Tabled Budget (Cash/Cash equivalents at the year-end reflected in Table A7: Budgeted cash flows and the Cash position reflected in Table A8: Cash backed reserves/accumulated surplus reconciliation), your municipality's 2020/21 Tabled Budget appears to be funded. Refer to Annexure B for a detailed assessment of the your 2020/21 Budget. Furthermore, an emphasis was made to ensure that the budget is extracted from the financial system as per the requirements of mSCOA. The report will be tabled at Council with the final budget.

In terms of section 22 of the MFMA and in accordance with chapter 4 of the Municipal Systems Act, the Accounting Officer of the municipality must make public the draft annual budget, invite local community to submit representations in connection with the budget.

2.18 Cost Containment Measures

iLembe District Municipality has the adopted policy on cost containment which was introduced in May 2015. This is in line with the **Local Government: Municipal Finance Management Act, 2003 Municipal Cost Containment Regulations, 2019**. The municipality updated its policy to align with the regulations. Expenditure was reprioritized to be in line with the policy and expenditure is reported at Council on a quarterly basis and reviewed by management monthly. Amongst the measures implemented thus far is the cutting down on travel, printing and telephone costs, overtime and at some point filling of newly created posts were put on hold. The municipality has further taken a vigorous step in phasing out usage of consultants and insourcing most of services that were previously outsourced to consultants more particularly from engineering services function. A comprehensive cost reduction strategy to map out future plans to deal with the issue of containing costs within affordable levels is continuously reviewed.

2.19 Water and Waste Water Demand Management

Waste Water Quality – iLembe District municipality (IDM)

The District Municipality operates 10 waste water treatment plants across all four (4) local municipalities that vary in size and complexity. These waste water works are operated by process controllers based on site and are required to manage the process of waste water to achieve a compliant final effluent to minimize any negative impact on the surrounding environment. This is done through daily laboratory testing by the process controllers as well as weekly and monthly testing carried out by an external service providers. The ability to

achieve a compliant final effluent depends on among other things the functioning and maintenance of all process units, the calibre of process controllers to effect process changes, appropriate use of chemicals as required and proper and regular record keeping.

IDM does face challenges in achieving the required effluent standards at certain waste water treatment works due to some of the reasons listed above and with correct and sufficient investment in these facilities, the effluent quality will improve in the foreseeable future.

Water quality – Ilembe District Municipality (IDM)

IDM operates and manages several water treatments works throughout the district that vary from small borehole type facilities to larger treatment works. In addition, IDM also purchases bulk water from a variety of service providers, the main being Umgeni Water, and in turn manages the reticulation supply to residents within the district. Daily testing of water is carried in-house by the process controllers and weekly, monthly and annual testing of water is carried out by an external service provider. The water quality results are captured onto the Department of Water and Sanitation (DWS) website for monitoring and evaluation purposes. The water quality within the district has been negatively affected due to drought conditions in recent years, insufficient water sources (resulting in water being supplied via water tankers), as well as deteriorating infrastructure at some of our facilities. The District is making progress and provisions to address some of these limiting factors by investing in new infrastructure and sourcing more reliable water sources. These initiatives, once implemented fully, will impact positively on water quality in the future.

3. CONSULTATIONS

- Chief Financial Officer & The Accounting Officer
- His Worship, the Mayor, Cllr S Gumede
- All Directorates
- The National Treasury & The Provincial Treasury
- The Budget Steering Committee

4. RESOLUTIONS/RECOMMENDATIONS

Recommends **THAT**

- The Council consider in terms of Section 24 of the Municipal Finance Act, 56 of 2003, the **Final Annual Budget** of the Municipality for the Financial year 2020/2021; and indicative allocations for the two projected outer years 2021/2022 and 2022/2023; as set out in the A Schedules annexured hereto as follows:

Table A2: Budgeted Financial Performance (Revenue and Expenditure by standard classification)
Table A3: Budgeted Financial Performance (Revenue and Expenditure by municipal vote)
Table A4: Budgeted Financial Performance (Revenue and Expenditure)
Table A5: Budgeted Capital Expenditure by Vote, Standard Classification & Funding Source)
Table A6: Budgeted Financial Position
Table A7: Budgeted Cash Flow
Table A8: Cash backed reserves/accumulated surplus reconciliation
Table A9: Asset Management
Table A10: Basic service delivery measurement

- It should be noted that in respect of Capital Expenditure Estimates:

Vote Description R thousand	2020/21 Medium Term Revenue &		
	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Total Capital Expenditure - Functional	202,796	199,185	213,946

- Instances where information has been provided in terms of Section 19(2) (b) of the Municipal Finance Management Act No.56 of 2003, the consideration of capital budget constitutes projects consideration for the specific projects as reflected in the detailed capital budget. Where information in terms of section 19(2) (b) is not provided, specific project approval be sought from council during the course of the year.

- That Council consider amendments to its **Tariffs of Charges** as depicted on the schedule annexed hereto and marked as **Annexure B**.
- That the Draft Budget related policies be noted with the respective amendments.
 - Fixed Assets Management Policy
 - Inventory Management Policy
 - Unauthorized, Irregular, Fruitless & Wasteful Expenditure Policy
 - Borrowing Policy
 - Funding and Reserves Policy
 - Long Term Financial Planning
 - Infrastructure, Investments and Capital Projects
 - Petty Cash Policy
 - Austerity measures policy
 - Banking, Cash Management & Investments Policy
 - Accounts payables policy
 - Budget Policy
 - Credit Control & Debt Collection Policy
 - Indigent Management Policy
 - Supply Chain Management Policy
 - Virement Policy
 - Tariff Policy
 - Payroll Policy
- That Council note the public comments submitted during the public participation process.
- That the draft tariff of charges for 2020/21 financial year be increased by 9.6% effective from 1 July 2020, considering the public participation.

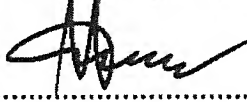
- That in compliance with section 22 of the MFMA, the final budgets be published in the local press and made available on the municipal website.
- That Council note that the draft service delivery and budget implementation plan for the 2020/2021 financial year will be tabled 28 days after the budget has been adopted.

SIGNATURE OF AUTHOR

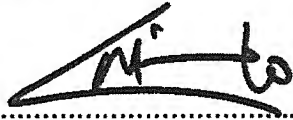


.....
MANAGER BUDGET & COMPLIANCE
S CHONGUENE

SUPPORTED / NOT SUPPORTED



.....
CHIEF FINANCIAL OFFICER
M CHANDULAL



.....
MUNICIPAL MANAGER
NG KUMALO

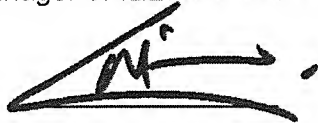
Quality certificate

I **NG KUMALO**, municipal manager of **ILEMBE DISTRICT MUNICIPALITY**, hereby certify that the **2020/21 to 2022/23 MTREF/ Final Budget** and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Name: **NG KUMALO**

Municipal Manager of **ILEMBE DISTRICT MUNICIPALITY**

Signature:

A handwritten signature in black ink, appearing to be 'N. Kumalo', written over a horizontal line.

Date:

18/06/2020

ANNEXURE - A

Preparation Instructions

Municipality Name: DC29 iLembe

CFO Name: Mahendra Chandulal

Tel: 032 437 9403

Fax: 036 572 9848

E-Mail: mahendra.chandulal@ilembe.gov.za

Budget for MTREF starting: 2020

Budget Year: 2020/21

Does this municipality have Entities? Yes

If YES: Identify type of report: Consolidated Information

LGDB Export

Name Votes & Sub-Votes

Printing Instructions

Showing / Hiding Columns

Hide Pre-audit columns on all

Hide Reference columns on all

Showing / Clearing Highlights

Clear Highlights on all sheets

Important documents which provide essential assistance

[MFMA Budget Circulars](#)

[Click to view](#)

[MBRR Budget Formats Guide](#)

[Click to view](#)

[Dummy Budget Guide](#)

[Click to view](#)

[Funding Compliance Guide](#)

[Click to view](#)

[MFMA Return Forms](#)

[Click to view](#)

DC29 Ilembe - Contact Information

A. GENERAL INFORMATION

Municipality	DC29 Ilembe
Grade	Five
Province	ICM KWAZULU-NATAL
Web Address	www.ilembe.gov.za
e-mail Address	Mshondra.Chandulala@ilembe.gov.za
B. CONTACT INFORMATION	
Postal address:	
P.O. Box	PO BOX 1288
City / Town	KWADUKUZA
Postal Code	4450
Street address:	
Building	ILEMBE HOUSE
Street No. & Name	5961 MAHATMA GANDHI STREET
City / Town	KWADUKUZA
Postal Code	4450
General Contacts	
Telephone number	032 437 8300
Fax number	032 437 8584

Set name on Instructions' sheet

1 Grade in terms of the Remuneration of Public Office Bearers Act

C. POLITICAL LEADERSHIP

Speaker:		Secretary/PA to the Speaker:	
ID Number	7810065363089	ID Number	630926 0335 005
Title	Ch.	Title	Ms
Name	Sphesihle Zulu	Name	Pretty Magwaza
Telephone number	032 437 8402	Telephone number	032 437 9338
Cell number	0701067328	Cell number	060 311 9361
Fax number	032 437 8587	Fax number	032 437 9587
E-mail address	sphehile.zulu@ilembe.gov.za	E-mail address	pretty.magwaza@ilembe.gov.za
Mayor/Executive Mayor:		Secretary/PA to the Mayor/Executive Mayor:	
ID Number	630305576088	ID Number	910126 0231 006
Title	Ch.	Title	Ms
Name	S. Gumede	Name	Bongweni Nxaba
Telephone number	032 437 9401	Telephone number	032 437 8401
Cell number	078 050 0289	Cell number	0735784690
Fax number	032 437 9587	Fax number	032 437 9587
E-mail address	Siduzo.Gumede@ilembe.gov.za	E-mail address	bongweni.nxaba@ilembe.gov.za
Deputy Mayor/Executive Mayor:		Secretary/PA to the Deputy Mayor/Executive Mayor:	
ID Number	621220786086	ID Number	910126 0231 006
Title	Ch.	Title	Ms
Name	M.D. Shandu	Name	Bongweni Nxaba
Telephone number	032 437 9404	Telephone number	032 437 9401
Cell number	071 288 0507	Cell number	0735784690
Fax number	032 437 9587	Fax number	032 437 9587
E-mail address	dolly.shandu@ilembe.gov.za	E-mail address	bongweni.nxaba@ilembe.gov.za
D. MANAGEMENT LEADERSHIP		Secretary/PA to the Municipal Manager:	
Municipal Manager:		ID Number	7703060134063
ID Number	6604295397084	Title	Mrs
Title	Mr.	Name	Salora Pillay
Name	Ntshumiso Geoffrey Kumalo (Acting)	Telephone number	032 437 9501
Telephone number	032 437 9501	Cell number	0785040658
Cell number	076 521 1118	Fax number	0855332177
Fax number	032 437 9587	E-mail address	salora.pillay@ilembe.gov.za
E-mail address	Geoffrey.Kumalo@ilembe.gov.za	Secretary/PA to the Chief Financial Officer:	
Chief Financial Officer:		ID Number	7901300601067
ID Number	6710206178066	Title	Ms
Title	Mr.	Name	Thanda Mayeso
Name	Mahendra Chandulala	Telephone number	032 437 9337
Telephone number	032 437 8503	Cell number	071 600 4060
Cell number	0324545715	Fax number	086 572 9848
Fax number	086 572 9848	E-mail address	thanda.mayeso@ilembe.gov.za
E-mail address	mahendra.chandulala@ilembe.gov.za	Official responsible for submitting financial information:	
Official responsible for submitting financial information:		ID Number	850517 0388 086
ID Number	6212135352089	Title	Ms
Title	Mr.	Name	Sphesihle Mhlongo
Name	Sibusiso Chonquene	Telephone number	032 437 8422
Telephone number	032 437 9355	Cell number	078 382 5425
Cell number	073 699 3139	Fax number	032 437 9584
Fax number	032 437 9584	E-mail address	Sphesihle.Mhlongo@ilembe.gov.za
E-mail address	sibusiso.chonquene@ilembe.gov.za		

Official responsible for submitting financial information	Official responsible for submitting financial information
ID Number	ID Number
Title	Title
Name	Name
Telephone number	Telephone number
Cell number	Cell number
Fax number	Fax number
E-mail address	E-mail address
Official responsible for submitting financial information	Official responsible for submitting financial information
ID Number	ID Number
Title	Title
Name	Name
Telephone number	Telephone number
Cell number	Cell number
Fax number	Fax number
E-mail address	E-mail address
Official responsible for submitting financial information	Official responsible for submitting financial information
ID Number	ID Number
Title	Title
Name	Name
Telephone number	Telephone number
Cell number	Cell number
Fax number	Fax number
E-mail address	E-mail address
Official responsible for submitting financial information	Official responsible for submitting financial information
ID Number	ID Number
Title	Title
Name	Name
Telephone number	Telephone number
Cell number	Cell number
Fax number	Fax number
E-mail address	E-mail address
Official responsible for submitting financial information	Official responsible for submitting financial information
ID Number	ID Number
Title	Title
Name	Name
Telephone number	Telephone number
Cell number	Cell number
Fax number	Fax number
E-mail address	E-mail address
Official responsible for submitting financial information	
ID Number	
Title	
Name	
Telephone number	
Cell number	
Fax number	
E-mail address	

DC29 iLembe - Table A1 Consolidated Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	136 637	130 251	153 141	178 843	197 267	197 267	197 267	217 816	230 885	244 738
Investment revenue	3 108	8 360	13 105	4 722	13 812	13 812	13 812	14 761	15 565	16 415
Transfers recognised - operational	385 404	519 749	521 137	594 358	674 982	674 982	674 982	613 309	680 262	736 132
Other own revenue	36 857	42 272	55 122	80 887	67 876	67 876	67 876	70 997	73 881	77 244
Total Revenue (excluding capital transfers and contributions)	562 006	700 633	742 504	858 810	953 937	953 937	953 937	916 883	1 000 593	1 074 529
Employee costs	185 750	201 322	220 780	264 463	242 774	242 774	242 774	274 983	294 078	314 131
Remuneration of councillors	8 021	8 406	8 604	10 941	9 450	9 450	9 450	9 819	10 506	11 242
Depreciation & asset impairment	90 431	82 953	106 408	85 912	87 102	87 102	87 102	81 631	85 391	89 325
Finance charges	9 977	10 566	8 175	12 403	11 357	11 357	11 357	12 691	10 938	9 591
Materials and bulk purchases	107 761	86 506	170 135	157 235	174 720	174 720	174 720	239 868	272 074	312 470
Transfers and grants	7 363	-	-	-	-	-	-	-	-	-
Other expenditure	199 329	288 244	326 039	324 596	424 316	424 316	424 316	290 199	314 347	325 370
Total Expenditure	608 631	677 996	840 141	855 550	949 718	949 718	949 718	909 190	987 335	1 062 129
Surplus/(Deficit)	(46 625)	22 636	(97 636)	3 260	4 219	4 219	4 219	7 693	13 258	12 400
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	376 948	289 524	286 105	301 596	292 546	292 546	292 546	225 228	228 341	244 693
Transfers and subsidies - capital (monetary allocations)	-	-	-	-	9 641	9 641	9 641	-	-	-
Surplus/(Deficit) after capital transfers & contributions	330 323	312 161	188 469	304 856	306 405	306 405	306 405	232 920	241 599	257 093
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	330 323	312 161	188 469	304 856	306 405	306 405	306 405	232 920	241 599	257 093
Capital expenditure & funds sources										
Capital expenditure	362 370	306 157	241 672	347 948	343 449	343 269	343 269	202 796	199 185	213 946
Transfers recognised - capital	238 494	304 204	236 966	262 257	255 226	255 226	255 226	195 850	198 557	212 776
Borrowing	109 730	-	672	63 149	73 149	73 149	73 149	-	-	-
Internally generated funds	14 146	1 953	4 034	22 543	15 075	15 075	15 075	6 946	627	1 170
Total sources of capital funds	362 370	306 157	241 672	347 948	343 449	343 449	343 449	202 796	199 185	213 946
Financial position										
Total current assets	168 334	190 746	360 074	293 328	305 446	305 446	305 446	593 372	591 083	632 930
Total non current assets	2 291 339	2 432 709	2 540 011	3 160 611	2 795 763	2 795 763	2 795 763	2 829 787	2 943 620	3 074 497
Total current liabilities	263 160	266 894	388 459	99 416	97 269	97 269	97 269	187 996	277 458	363 273
Total non current liabilities	87 138	83 822	50 294	107 069	193 744	193 744	193 744	146 969	114 945	101 828
Community wealth/Equity	2 109 375	2 272 740	2 461 331	3 247 454	2 810 196	2 810 196	2 810 196	3 088 194	3 142 301	3 242 326
Cash flows										
Net cash from (used) operating	359 377	437 135	264 717	378 550	144 400	144 400	144 400	197 939	448 208	474 069
Net cash from (used) investing	(363 630)	(340 283)	(135 361)	(320 802)	(176 245)	(176 245)	(176 245)	(203 206)	(199 178)	(213 940)
Net cash from (used) financing	(25 594)	(27 334)	(10 237)	(52 851)	(48 472)	(48 472)	(48 472)	(37 310)	(33 738)	(34 243)
Cash/cash equivalents at the year end	6 296	75 814	194 932	78 023	114 616	114 616	114 616	228 895	444 187	670 073
Cash backing/surplus reconciliation										
Cash and investments available	32 105	103 100	223 652	102 015	80 802	80 802	80 802	229 306	204 542	216 502
Application of cash and investments	139 846	169 844	209 740	(63 619)	(118 931)	(118 931)	(118 931)	-	-	-
Balance - surplus (shortfall)	(107 740)	(66 744)	13 912	165 634	199 733	199 733	199 733	229 306	204 542	216 502
Asset management										
Asset register summary (WDV)	2 250 580	2 401 556	2 532 593	3 160 611	2 476 387	2 476 387	2 476 387	2 292 743	2 459 552	2 641 859
Depreciation	90 431	82 953	106 408	85 912	87 098	87 098	87 098	81 631	85 391	89 325
Renewal and Upgrading of Existing Assets	59 111	52 499	44 225	98 270	83 487	83 487	83 487	66 383	76 788	55 304
Repairs and Maintenance	64 100	58 513	30 376	62 938	45 851	45 851	45 851	54 175	56 667	59 274
Free services										
Cost of Free Basic Services provided	20 546	837	36 184	43 354	38 302	38 302	37 009	37 009	37 009	37 009
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	38	30	12	11	11	11	11	11	11	11
Sanitation/sewerage:	63	28	82	70	70	70	70	70	70	70
Energy:	13	13	31	32	32	32	32	32	32	32
Refuse:	13	50	50	49	49	49	49	49	49	49

DC29 iLembe - Table A2 Consolidated Budgeted Financial Performance (revenue and expenditure by functional classification)

BOL 1000 - Table A2 Consolidated Budgeted - Mainland Income Revenue and Expenditure by Functional Classification										
Functional Classification Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional										
<i>Governance and administration</i>		152 590	155 301	174 233	217 271	230 158	230 158	228 933	248 083	264 941
Executive and council		44 999	43 801	21 296	23 470	23 470	23 470	42 835	47 120	51 451
Finance and administration		107 591	111 500	152 936	193 802	206 688	206 688	186 097	200 963	213 491
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10	22 003	64 123	33 980	36 579	36 579	39 002	42 903	46 845
Community and social services		-	22 003	47 432	15 503	17 892	17 892	18 723	20 596	22 489
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		10	-	16 690	18 477	18 687	18 687	20 279	22 306	24 356
<i>Economic and environmental services</i>		14 724	25 269	360 417	110 637	98 467	98 467	33 775	30 253	31 226
Planning and development		14 724	25 269	360 417	110 637	98 467	98 467	33 775	30 253	31 226
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		772 193	787 585	429 837	788 517	890 920	890 920	836 286	903 334	971 586
Energy sources		-	-	-	-	-	-	-	-	-
Water management		608 015	636 467	323 859	553 198	615 288	615 288	515 524	568 384	644 522
Waste water management		164 177	151 118	105 978	245 320	275 633	275 633	320 761	334 950	327 064
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	1	-	-	-	-	-	-
Total Revenue - Functional	2	939 517	990 157	1 028 609	1 160 406	1 256 124	1 256 124	1 137 996	1 224 573	1 314 599
Expenditure - Functional										
<i>Governance and administration</i>		182 819	331 567	218 486	312 334	312 098	312 098	276 407	289 280	300 852
Executive and council		60 310	28 752	16 027	25 608	23 697	23 697	19 068	20 200	18 803
Finance and administration		122 510	299 718	199 314	282 041	284 470	284 470	253 143	264 607	277 280
Internal audit		-	3 096	3 145	4 684	3 931	3 931	4 196	4 474	4 769
<i>Community and public safety</i>		1 806	22 951	29 865	41 317	36 153	36 153	50 031	53 105	56 375
Community and social services		1 806	10 272	16 685	24 613	20 997	20 997	25 740	27 295	28 947
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	12 679	13 180	16 704	15 156	15 156	24 290	25 810	27 428
<i>Economic and environmental services</i>		50 192	26 475	199 445	137 985	135 522	135 522	123 631	124 811	130 397
Planning and development		50 192	26 475	199 445	137 985	135 522	135 522	123 631	124 811	130 397
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		374 377	297 004	392 326	363 914	465 946	465 946	459 122	520 138	574 505
Energy sources		-	-	-	-	-	-	-	-	-
Water management		357 542	237 063	360 563	309 144	398 934	398 934	401 078	453 546	505 235
Waste water management		16 835	59 941	31 763	54 770	67 012	67 012	58 044	66 592	69 270
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	18	-	-	-	-	-	-
Total Expenditure - Functional	3	609 194	677 996	840 141	855 550	949 718	949 718	909 190	987 335	1 062 129
Surplus/(Deficit) for the year		330 323	312 161	188 469	304 856	306 405	306 405	228 806	237 238	252 470

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abattoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

DC29 iLembe - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description		Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue by Vote		1									
Vote 1 - BUDGET & TREASURY			83 120	106 425	101 571	112 112	122 913	122 913	123 317	132 528	142 046
Vote 2 - CORPORATE SERVICES			49 376	45 083	45 952	75 724	77 809	77 809	56 234	61 234	63 581
Vote 3 - CORPORATE GOVERNANCE			36 660	55 515	79 679	51 124	53 516	53 516	74 896	82 386	89 958
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER			8 339	10 269	11 154	12 292	12 292	12 292	13 489	14 838	16 202
Vote 5 - PLANNING & DEVELOPMENT			11 740	7 237	360 418	110 637	98 674	98 674	33 775	30 253	31 226
Vote 6 - TECHNICAL SERVICES			338 211	418 013	429 837	798 517	890 920	890 920	836 286	903 334	971 586
Vote 7 - TECHNICAL SERVICES			412 072	347 595	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]			-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]			-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Revenue by Vote		2	939 517	990 157	1 028 609	1 160 406	1 256 124	1 256 124	1 137 996	1 224 573	1 314 599
Expenditure by Vote to be appropriated		1									
Vote 1 - BUDGET & TREASURY			49 714	201 453	75 683	149 824	158 543	158 543	115 019	120 776	126 915
Vote 2 - CORPORATE SERVICES			70 672	98 717	117 318	119 696	114 307	114 307	124 353	129 270	134 958
Vote 3 - CORPORATE GOVERNANCE			48 715	42 076	43 015	58 219	50 711	50 711	66 126	70 267	74 675
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER			13 325	12 584	12 335	25 912	24 689	24 689	20 939	22 073	20 670
Vote 5 - PLANNING & DEVELOPMENT			35 975	27 439	73 817	117 010	123 396	123 396	69 270	67 680	70 351
Vote 6 - TECHNICAL SERVICES			380 517	260 782	392 326	363 914	465 946	465 946	459 122	520 138	574 505
Vote 7 - TECHNICAL SERVICES			10 275	34 945	125 646	20 975	12 126	12 126	54 360	57 130	60 046
Vote 8 - [NAME OF VOTE 8]			-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]			-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]			-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]			-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]			-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]			-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]			-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]			-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		2	609 194	677 996	840 141	855 550	949 718	949 718	909 190	987 335	1 062 129
Surplus/(Deficit) for the year		2	330 323	312 161	188 469	304 856	306 405	306 405	228 806	237 238	252 470

References

1. Insert 'Vote', e.g. department, if different to functional classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

DC29 iLembe - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

DOCS Lembe - Table A4: Consolidated Budgeted Financial Performance (Revenue and Expenditure)									2020/21 Medium Term Revenue & Expenditure Framework		
Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
Revenue By Source											
Property rates	2	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	70 191	94 062	116 120	138 195	154 116	154 116	154 116	167 768	177 834	188 504
Service charges - sanitation revenue	2	66 446	36 189	37 020	40 646	43 152	43 152	43 152	45 934	48 690	51 611
Service charges - refuse revenue	2	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		85	76	107	128	127	127	127	22	23	24
Interest earned - external investments		3 108	8 360	13 105	4 722	13 812	13 812	13 812	14 761	15 565	16 415
Interest earned - outstanding debtors		18 998	15 452	25 769	35 706	35 602	35 602	35 602	39 020	41 361	43 843
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	380	153	728	364	364	364	399	423	448
Licences and permits		–	–	22	19	21	21	21	24	25	26
Agency services		–	2 141	1 785	1 953	1 953	1 953	1 953	2 149	2 277	2 414
Transfers and subsidies		385 967	519 749	520 939	594 358	674 982	674 982	674 982	613 309	680 262	736 132
Other revenue	2	17 774	24 223	27 484	42 352	27 919	27 919	27 919	29 384	29 772	30 489
Gains		–	–	–	–	1 890	1 890	1 890	–	–	–
Total Revenue (excluding capital transfers and contributions)		562 569	700 633	742 504	858 810	953 937	953 937	953 937	912 768	996 232	1 069 906
Expenditure By Type											
Employee related costs	2	185 750	201 322	220 780	264 463	242 774	242 774	242 774	274 983	294 078	314 131
Remuneration of councillors		8 584	8 406	8 604	10 941	9 450	9 450	9 450	9 819	10 506	11 242
Debt impairment	3	40 241	41 676	65 022	29 421	13 721	13 721	13 721	18 301	19 142	20 023
Depreciation & asset impairment	2	90 431	82 953	106 408	85 912	87 102	87 102	87 102	81 631	85 391	89 325
Finance charges		9 977	10 566	8 175	12 403	11 357	11 357	11 357	12 691	10 938	9 591
Bulk purchases	2	75 803	86 506	150 578	132 057	168 070	168 070	168 070	216 200	247 820	287 602
Other materials	8	31 958	–	19 557	25 178	6 650	6 650	6 650	23 668	24 254	24 658
Contracted services		54 326	139 880	131 937	143 025	239 351	239 351	239 351	152 887	173 985	178 549
Transfers and subsidies		7 363	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	103 937	106 297	122 790	152 150	171 044	171 044	171 044	118 949	121 154	126 729
Losses		824	391	6 290	–	200	200	200	63	66	69
Total Expenditure		609 194	677 996	840 141	855 550	949 718	949 718	949 718	909 190	987 335	1 062 129
Surplus/(Deficit)		(46 625)	22 636	(97 636)	3 260	4 219	4 219	4 219	3 578	8 897	7 777
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		376 948	289 524	286 105	301 596	292 546	292 546	292 546	225 228	228 341	244 693
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	9 641	9 641	9 641	–	–	–
Surplus/(Deficit) after capital transfers & contributions		330 323	312 161	188 469	304 856	306 405	306 405	306 405	228 806	237 238	252 470
Taxation		330 323	312 161	188 469	304 856	306 405	306 405	306 405	228 806	237 238	252 470
Surplus/(Deficit) after taxation		330 323	312 161	188 469	304 856	306 405	306 405	306 405	228 806	237 238	252 470
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		330 323	312 161	188 469	304 856	306 405	306 405	306 405	228 806	237 238	252 470
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		330 323	312 161	188 469	304 856	306 405	306 405	306 405	228 806	237 238	252 470

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	1										
Vote 1 - BUDGET & TREASURY		6 441	772	-	2 128	156	156	-	-	-	-
Vote 2 - CORPORATE SERVICES		137	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE GOVERNANCE		-	-	-	-	-	-	-	-	-	-
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 5 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - TECHNICAL SERVICES		156 569	142 544	81 877	156 636	124 012	124 012	-	46 478	42 038	43 146
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	1	173 147	141 316	81 877	110 824	124 162	124 162	-	46 478	42 038	43 146
Single-year expenditure to be appropriated	2										
Vote 1 - BUDGET & TREASURY		-	5 444	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		4 980	-	3 995	69 413	78 329	78 329	-	6 796	377	320
Vote 3 - CORPORATE GOVERNANCE		-	-	296	1 800	1 800	1 800	-	-	-	-
Vote 4 - OFFICE OF THE MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 5 - PLANNING & DEVELOPMENT		-	-	-	4 698	5 414	5 414	-	150	250	250
Vote 6 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - TECHNICAL SERVICES		184 243	159 397	146 412	184 214	153 565	153 565	-	146 372	156 622	169 630
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		189 223	164 841	153 702	237 124	239 287	239 287	-	156 317	159 148	170 800
Total Capital Expenditure - Vote		362 370	306 157	241 672	347 948	343 449	343 449	-	202 796	199 183	213 946
Capital Expenditure - Functional											
Governance and administration		11 558	6 216	3 995	88 541	78 479	78 479	78 479	6 796	377	320
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		11 558	6 216	3 995	88 541	78 479	78 479	78 479	6 796	377	320
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	296	1 800	1 800	1 800	1 800	-	-	-
Community and social services		-	-	296	1 800	1 800	1 800	1 800	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	1 800	1 800	1 800	1 800	-	-	-
Economic and environmental services		-	-	-	4 698	5 414	5 414	5 414	150	250	250
Planning and development		-	-	-	4 698	5 414	5 414	5 414	150	250	250
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		350 412	299 941	237 382	272 916	257 577	257 577	257 577	195 850	198 557	212 776
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		325 209	273 242	183 103	182 858	185 274	185 274	185 274	162 979	114 323	119 406
Waste water management		25 603	26 699	54 279	89 851	62 302	62 302	62 302	32 671	84 234	93 370
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	362 370	306 157	241 672	347 948	343 449	343 269	343 269	202 796	199 183	213 946
Funded by:											
National Government		234 175	304 204	234 897	257 916	247 576	247 576	247 576	195 850	198 557	212 776
Provincial Government		-	-	2 159	4 348	7 646	7 646	7 646	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		4 320	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)											
Transfers recognised - capital	4	238 494	304 204	236 986	262 267	255 226	255 226	255 226	195 850	198 557	212 776
Borrowing	6	109 730	-	672	63 149	73 149	73 149	73 149	-	-	-
Internally generated funds		14 146	1 953	4 034	22 543	15 075	15 075	15 075	6 948	827	1 170
Total Capital Funding	7	352 370	306 157	241 672	347 948	343 449	343 449	343 449	202 796	199 183	213 946

References

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3)
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year
- Capital expenditure by functional classification must reconcile to the appropriations by vote
- Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)
- Include finance leases and PPP capital funding component of unitary payment - total borrowing payments to reconcile to changes in Table SA17
- Total Capital Funding must balance with Total Capital Expenditure
- Include any capitalised interest (MFA section 46) as part of relevant capital budget

DC29 iLembe - Table A6 Consolidated Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Current assets											
Cash		6 296	75 814	194 932	43 498	48 396	48 396	48 396	127 176	100 848	100 493
Call investment deposits	1		–	28 720	58 517	66 220	66 220	66 220	102 130	103 694	116 009
Consumer debtors	1	101 558	84 820	100 339	181 825	181 343	181 343	181 343	289 480	319 854	374 585
Other debtors		47 461	21 912	24 549		–	–		59 124	47 497	18 551
Current portion of long-term receivables		–	–			–	–		3	7	7
Inventory	2	13 020	8 200	11 534	9 488	9 488	9 488	9 488	15 460	19 183	23 285
Total current assets		168 334	190 746	360 074	293 328	305 446	305 446	305 446	593 372	591 083	632 930
Non current assets											
Long-term receivables		21	820	528	–	–	–		411	404	397
Investments		25 810	27 286		–	–	–				
Investment property		–	–		–	–	–				
Investment in Associate		–	–		–	–	–				
Property, plant and equipment	3	2 259 585	2 398 759	2 532 593	3 146 203	2 794 152	2 794 152	2 794 152	2 823 317	2 940 292	3 068 242
Biological		390	391	590	391	391	391	391	590	590	590
Intangible		5 327	5 247	6 094	13 811	1 014	1 014	1 014	5 264	2 129	5 063
Other non-current assets		206	206	206	206	206	206	206	206	206	206
Total non current assets		2 291 339	2 432 709	2 540 011	3 160 611	2 795 763	2 795 763	2 795 763	2 829 787	2 943 620	3 074 497
TOTAL ASSETS		2 459 673	2 623 456	2 900 084	3 453 939	3 101 209	3 101 209	3 101 209	3 423 159	3 534 704	3 707 427
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–		–	–	–				
Borrowing	4	5 476	8 253	40 128	26 371	6 766	6 766	6 766	33 867	34 378	16 036
Consumer deposits		5 388	5 252	5 375	5 252	5 252	5 252	5 252	5 436	5 631	5 836
Trade and other payables	4	237 678	252 650	341 461	65 704	83 163	83 163	83 163	120 246	209 424	313 639
Provisions		14 619	739	1 495	2 089	2 089	2 089	2 089	28 447	28 024	27 762
Total current liabilities		263 160	266 894	388 459	99 416	97 269	97 269	97 269	187 996	277 458	363 273
Non current liabilities											
Borrowing		79 373	72 851	38 226	96 184	106 332	106 332	106 332	65 463	31 084	15 048
Provisions		7 764	10 970	12 068	10 885	87 412	87 412	87 412	81 506	83 861	86 780
Total non current liabilities		87 138	83 822	50 294	107 069	193 744	193 744	193 744	146 969	114 945	101 828
TOTAL LIABILITIES		350 298	350 716	438 753	206 485	291 014	291 014	291 014	334 965	392 403	465 102
NET ASSETS	5	2 109 375	2 272 740	2 461 331	3 247 454	2 810 196	2 810 196	2 810 196	3 088 194	3 142 301	3 242 326
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		2 109 375	2 272 740	2 461 331	3 247 454	2 810 196	2 810 196	2 810 196	3 088 194	3 142 301	3 242 326
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	2 109 375	2 272 740	2 461 331	3 247 454	2 810 196	2 810 196	2 810 196	3 088 194	3 142 301	3 242 326

References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

DC29 iLembe - Table A7 Consolidated Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates						-	-	-	-	-	-
Service charges		104 613	107 174	138 078	152 016	143 635	143 635	143 635	202 041	259 481	272 979
Other revenue		9 271	25 655	60 222	32 716	30 384	30 384	30 384	156 270	158 979	167 259
Transfers and Subsidies - Operational	1	385 967	502 725	532 222	643 116	674 982	674 982	674 982	644 214	718 054	776 381
Transfers and Subsidies - Capital	1	394 277	332 503	366 720	296 596	254 653	254 653	254 653	225 228	228 341	244 693
Interest		3 108	8 360	13 105	35 073	33 393	33 393	33 393	14 761	15 565	16 415
Dividends						-	-	-	-	-	-
Payments											
Suppliers and employees		(520 519)	(528 716)	(837 476)	(734 750)	(981 290)	(981 290)	(981 290)	(1 031 883)	(921 274)	(994 065)
Finance charges		(9 977)	(10 566)	(8 155)	(12 403)	(11 357)	(11 357)	(11 357)	(12 691)	(10 938)	(9 591)
Transfers and Grants	1	(7 363)			(33 814)		-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		359 377	437 135	264 717	378 550	144 400	144 400	144 400	197 939	448 208	474 069
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		199					-	-	-	-	-
Decrease (increase) in non-current receivables				89 306		62 067	62 067	62 067	(411)	7	7
Decrease (increase) in non-current investments		(1 390)	(1 477)	(7 346)	27 146	31 990	31 990	31 990	-	-	-
Payments											
Capital assets		(362 439)	(338 807)	(217 320)	(347 948)	(270 301)	(270 301)	(270 301)	(202 796)	(199 185)	(213 946)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(363 630)	(340 283)	(135 361)	(320 802)	(176 245)	(176 245)	(176 245)	(203 206)	(199 178)	(213 940)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									62	195	205
Payments											
Repayment of borrowing		(25 594)	(27 334)	(10 237)	(52 851)	(48 472)	(48 472)	(48 472)	(37 372)	(33 933)	(34 448)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(25 594)	(27 334)	(10 237)	(52 851)	(48 472)	(48 472)	(48 472)	(37 310)	(33 738)	(34 243)
NET INCREASE/ (DECREASE) IN CASH HELD		(29 847)	69 518	119 118	4 897	(80 317)	(80 317)	(80 317)	(42 578)	215 292	225 887
Cash/cash equivalents at the year begin:	2	36 143	6 296	75 814	73 126	194 932	194 932	194 932	271 473	228 895	444 187
Cash/cash equivalents at the year end:	2	6 296	75 814	194 932	78 023	114 616	114 616	114 616	228 895	444 187	670 073

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less

3. The MTREF is populated directly from SA30.

Total receipts		897 435	976 417	1 199 653	1 159 517	1 199 113	1 199 113	1 199 113	1 242 102	1 380 427	1 477 733
Total payments		(900 298)	(878 089)	(1 062 951)	(1 128 915)	(1 262 947)	(1 262 947)	(1 262 947)	(1 247 369)	(1 131 397)	(1 217 603)
		(2 863)	98 328	136 702	30 602	(63 834)	(63 834)	(63 834)	(5 267)	249 030	260 130
Borrowings & investments & c.deposits		(1 390)	(1 477)	(7 346)	27 146	31 990	31 990	31 990	62	195	205
Repayment of borrowing		(25 594)	(27 334)	(10 237)	(52 851)	(48 472)	(48 472)	(48 472)	(37 372)	(33 933)	(34 448)
		(29 847)	69 518	119 118	4 897	(80 317)	(80 317)	(80 317)	(42 578)	215 292	225 887
		-	-	-	(0)	-	-	-	-	-	-

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	6 296	75 814	194 932	78 023	114 616	114 616	114 616	228 895	444 187	670 073
Other current investments > 90 days		0	(0)	28 720	23 992	(33 814)	(33 814)	(33 814)	411	(239 644)	(453 571)
Non current assets - Investments	1	25 810	27 286	-	-	-	-	-	-	-	-
Cash and investments available:		32 105	103 100	223 652	102 015	80 802	80 802	80 802	229 306	204 542	216 502
<u>Application of cash and investments</u>											
Unspent conditional transfers		6 796	16 611	90 221	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	(80 770)	(80 770)	(80 770)	-	-	-
Statutory requirements	2				-	(38 161)	(38 161)	(38 161)			
Other working capital requirements	3	133 050	153 233	119 519	(63 619)						
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		139 846	169 844	209 740	(63 619)	(118 931)	(118 931)	(118 931)	-	-	-
Surplus(shortfall)		(107 740)	(66 744)	13 912	165 634	199 733	199 733	199 733	229 306	204 542	216 502

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

Debtors	97 832	82 806	119 417	129 323	119 873	119 873	119 873	432 999	504 948	538 067
Creditors due	230 882	236 039	238 936	65 704	83 163	83 163	83 163	120 246	209 424	313 639
Total	(133 050)	(153 233)	(119 519)	63 619	36 710	36 710	36 710	312 753	295 524	224 428

Balance outstanding - debtors	149 039	107 552	125 416	181 825	181 343	181 343	181 343	349 014	367 755	393 533
Estimate of debtors collection rate	65.6%	77.0%	95.2%	71.1%	66.1%	66.1%	66.1%	124.1%	137.3%	136.7%

Balance (Insert description: eg sinking fund)

	-	-	-	-	-	-	-	-	-
<u>Reserves to be backed by cash/investments</u>									
Housing Development Fund	-	-	-	-	-	-	-	-	-
Capital replacement									
Self-insurance									
Other (list)									

Percentage of respondents who believe that the use of force is justified	Percentage of respondents who believe that the use of force is justified
0%	0%
20%	15%
40%	15%
60%	15%
80%	15%
100%	85%

[illegible]

Total Upgrading of Existing Assets	6	-	10 255	1 644	14 183	-	-	13 859	35 545	24 878
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	4 106	416	7 652	5 768	5 768	-	8 966	19 189
<i>Sanitation Infrastructure</i>		-	6 150	1 223	6 087	1 099	1 099	10 739	26 478	5 609
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	360	-	-	3 000	-	-
Infrastructure		-	10 255	1 639	14 099	6 867	6 867	13 739	35 445	24 798
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	6	-	-	-	-	-	-
Intangible Assets		-	-	6	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	84	161	161	120	100	80
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	362 370	306 157	241 672	347 948	83 487	83 487	202 796	199 185	213 946
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		330 266	276 348	181 440	179 458	194 358	194 358	162 979	114 323	119 406
<i>Sanitation Infrastructure</i>		26 986	29 181	52 119	94 952	62 261	62 261	32 871	84 234	93 370
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	445	-	360	-	-	3 000	-	-
Infrastructure		357 253	305 974	233 559	274 770	256 618	256 618	198 850	198 557	212 776
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		129	-	-	6 148	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		129	-	-	6 148	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		2 910	-	3 111	1 928	710	710	1 300	-	-
Intangible Assets		2 910	-	3 111	1 928	710	710	1 300	-	-
Computer Equipment		-	4	121	300	580	580	100	200	600
Furniture and Office Equipment		53	91	271	155	451	451	166	177	390
Machinery and Equipment		11	88	3 938	1 500	4 055	4 055	2 380	250	180
Transport Assets		2 014	-	672	63 149	74 888	74 888	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		362 370	306 157	241 672	347 948	83 487	83 487	202 796	199 185	213 946

ASSET REGISTER SUMMARY - PPE (WDV)	5	2 250 580	2 401 556	2 532 593	3 160 611	2 476 387	2 476 387	2 292 743	2 459 552	2 641 859
Roads Infrastructure					1 975	1 975	1 975			
Storm water Infrastructure					-	-	-			
Electrical Infrastructure					-	-	-			
Water Supply Infrastructure		2 000 097	2 089 823	2 270 903	2 625 325	2 214 610	2 214 610	2 002 825	2 188 898	2 384 537
Sanitation Infrastructure		222 233	242 326	189 898	377 953	106 253	106 253	142 645	137 995	133 130
Solid Waste Infrastructure					11 260	3 140	3 140			
Rail Infrastructure					-	-	-			
Coastal Infrastructure					-	-	-			
Information and Communication Infrastructure					360	360				
Infrastructure		2 222 330	2 332 149	2 460 801	3 016 872	2 326 338	2 326 338	2 145 471	2 326 893	2 517 667
Community Assets										
Heritage Assets		206	206	206	206	206	206	206	206	206
Investment properties						-				
Other Assets			25 694	19 897	42 524	25 901	25 901	36 301	33 768	31 117
Biological or Cultivated Assets		11 111	17 586	16 529	17 586	16 529	16 529	590	590	590
Intangible Assets		5 327	4 914	6 094	10 508	1 014	1 014	5 264	2 082	5 063
Computer Equipment			8 615	10 225	987	9 880	9 880	41 411	40 423	39 781
Furniture and Office Equipment		10 272	2 233	3 277	653	3 281	3 281	1 595	1 182	955
Machinery and Equipment		1 335	859	2 780	6 858	9 648	9 648	12 008	11 715	11 326
Transport Assets			6 058	9 542	61 174	80 347	80 347	46 655	39 450	31 912
Land			3 243	3 243	3 243	3 243	3 243	3 243	3 243	3 243
Zoo's, Marine and Non-biological Animals					-	-	-			
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	2 250 580	2 401 556	2 532 593	3 160 611	2 476 387	2 476 387	2 292 743	2 459 552	2 641 859
EXPENDITURE OTHER ITEMS		154 531	142 466	136 785	148 850	132 949	132 949	135 805	142 058	148 600
Depreciation	7	90 431	82 953	106 408	85 912	87 098	87 098	81 631	85 391	89 325
Repairs and Maintenance by Asset Class	3	64 100	59 513	30 376	62 938	45 851	45 851	54 175	56 667	59 274
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		48 765	27 977	17 640	30 781	31 505	31 505	35 924	37 576	39 305
Sanitation Infrastructure		6 451	10 177	2 718	6 925	2 543	2 543	5 680	5 942	6 215
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	2	2	29	29	89	94	98
Infrastructure		55 216	38 154	20 360	37 708	34 077	34 077	41 693	43 611	45 617
Community Facilities		-	-	777	21	21	21	49	51	54
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	777	21	21	21	49	51	54
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		858	2 345	1 120	1 151	500	500	850	889	930
Housing		-	-	-	-	-	-	-	-	-
Other Assets		858	2 345	1 120	1 151	500	500	850	889	930
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	3 811	5 122	5 184	5 459	5 459	5 612	5 870	6 141
Intangible Assets		-	3 811	5 122	5 184	5 459	5 459	5 612	5 870	6 141
Computer Equipment		1 656	133	173	640	636	636	248	260	272
Furniture and Office Equipment		9	3	12	13	9	9	20	21	22
Machinery and Equipment		-	260	314	230	21	21	225	236	247
Transport Assets		6 361	14 806	2 498	17 991	5 127	5 127	5 477	5 728	5 992
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		154 531	142 466	136 785	148 850	132 949	132 949	135 805	142 058	148 600
Renewal and upgrading of Existing Assets as % of total capex		16.3%	17.1%	18.3%	28.2%	100.0%	100.0%	32.7%	38.6%	25.8%
Renewal and upgrading of Existing Assets as % of deprecn		65.4%	63.3%	41.6%	114.4%	95.9%	95.9%	81.3%	89.9%	61.9%
R&M as a % of PPE		2.8%	2.5%	1.2%	2.0%	1.6%	1.6%	1.9%	1.9%	1.9%
Renewal and upgrading and R&M as a % of PPE		5.0%	5.0%	3.0%	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Detail of upgrading of existing assets provided in Table SA34e
7. Detail of depreciation provided in Table SA34d

DC29 Ilembe - Table A10 Consolidated basic service delivery measurement

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Household service targets	1									
Water:										
Piped water inside dwelling		32 321	38 989	38 989	42 543	42 543	42 543	42 543	42 543	42 543
Piped water inside yard (not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	76 849	76 880	76 880	82 824	82 824	82 824	85 824	85 824	85 824
Other water supply (at least min. service level)	4	10 280	12 117	12 117	14 613	14 613	14 613	14 613	14 613	14 613
Minimum Service Level and Above sub-total		121 450	129 966	129 966	139 980	139 980	139 980	142 980	142 980	142 980
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		38 497	29 961	12 117	11 117	11 117	11 117	11 117	11 117	11 117
Below Minimum Service Level sub-total		38 497	29 961	12 117	11 117	11 117	11 117	11 117	11 117	11 117
Total number of households	5	159 947	159 947	142 103	151 097	151 097	151 097	154 097	154 097	154 097
Sanitation/sewerage:										
Flush toilet (connected to sewerage)	9 138	26 842	12 117	14 613	14 613	14 613	14 613	17 613	17 613	17 613
Flush toilet (with septic tank)	6 101	6 460	12 117	14 613	14 613	14 613	14 613	14 613	14 613	14 613
Chemical toilet	-	-	12 117	14 613	14 613	14 613	14 613	14 613	14 613	14 613
Pit toilet (ventilated)	81 507	85 220	12 117	14 613	14 613	14 613	14 613	14 613	14 613	14 613
Other toilet provisions (> min.service level)	-	13 706	12 117	14 613	14 613	14 613	14 613	14 613	14 613	14 613
Minimum Service Level and Above sub-total		97 345	132 228	60 585	73 054	73 054	73 054	76 054	76 054	76 054
Bucket toilet	-	-	12 117	12 417	12 417	12 417	12 417	12 417	12 417	12 417
Other toilet provisions (< min.service level)	-	-	12 117	12 417	12 417	12 417	12 417	12 417	12 417	12 417
No toilet provisions		62 602	27 119	57 284	44 712	44 712	44 712	44 712	44 712	44 712
Below Minimum Service Level sub-total		62 602	27 119	61 518	69 546	69 546	69 546	69 546	69 546	69 546
Total number of households	5	159 947	159 947	142 103	142 610	142 610	142 610	145 610	145 610	145 610
Energy:										
Electricity (at least min.service level)	19 708	6 738	6 738	7 075	7 075	7 075	7 075	7 075	7 075	7 075
Electricity - prepaid (min.service level)	25 916	16 626	16 626	17 457	17 457	17 457	17 457	17 457	17 457	17 457
Minimum Service Level and Above sub-total		45 624	23 364	23 364	24 532	24 532	24 532	24 532	24 532	24 532
Electricity (< min.service level)	-	-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)	-	-	11 869	18 763	18 763	18 763	18 763	18 763	18 763	18 763
Other energy sources		12 938	12 938	12 938	13 585	13 585	13 585	13 585	13 585	13 585
Below Minimum Service Level sub-total		12 938	12 938	30 807	32 348	32 348	32 348	32 348	32 348	32 348
Total number of households	5	58 562	26 302	54 171	56 880	56 880	56 880	56 880	56 880	56 880
Refuse:										
Removed at least once a week	30 467	-	31 119	32 675	32 675	32 675	32 675	32 675	32 675	32 675
Minimum Service Level and Above sub-total		30 467	-	31 119	32 675	32 675	32 675	32 675	32 675	32 675
Removed less frequently than once a week	193	31 105	31 105	32 604	32 604	32 604	32 604	32 604	32 604	32 604
Using communal refuse dump	12 194	16 700	16 700	15 200	15 200	15 200	15 200	15 200	15 200	15 200
Using own refuse dump	189	189	189	139	139	139	139	139	139	139
Other rubbish disposal	-	-	-	-	-	-	-	-	-	-
No rubbish disposal		2 351	2 351	1 151	1 151	1 151	1 151	1 151	1 151	1 151
Below Minimum Service Level sub-total		12 536	50 346	50 346	49 094	49 094	49 094	49 094	49 094	49 094
Total number of households	5	43 003	50 346	81 465	81 769	81 769	81 769	81 769	81 769	81 769
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)	-	-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	-	1 876	1 876	1 970	1 970	1 970	1 970	1 970	1 970	1 970
Refuse (removed at least once a week)	-	23 700	23 700	24 885	24 885	24 885	24 885	24 885	24 885	24 885
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)	20 545	837	313	1 918	620	620	2 554	2 706	2 870	
Sanitation (free sanitation service to indigent households)	-	-	606	4 364	629	629	1 580	1 653	1 753	
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-	-	
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-	
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)			35 264	37 054	37 054	37 054	37 009	37 009	37 009	
Total cost of FBS provided		20 545	437	36 184	43 356	38 304	38 304	41 123	41 370	41 631
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue: cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates: exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA										
Water (in excess of 6 kilolitres per indigent household per month)										
Sanitation (in excess of free sanitation service to indigent households)										
Electricity/other energy (in excess of 50 kwh per indigent household per month)										
Refuse (in excess of one removal a week for indigent households)										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
Total revenue cost of subsidised services provided										

References

1. Include services provided by another entity e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included).
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service
9. Reflect the cost to the municipality in terms of revenue foregone of providing free services (note this will not equal 'Revenue Foregone' on SA)

DC29 iLembe - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank			27 286	28 720	58 517	58 517	58 517	102 130	103 694	116 009
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	27 286	28 720	58 517	58 517	58 517	102 130	103 694	116 009
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		7	6 019	5 144	5 256	5 256	5 256	6 191		
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		7	6 019	5 144	5 256	5 256	5 256	6 191	-	-
Consolidated total:		7	33 305	33 864	63 773	63 773	63 773	108 321	103 694	116 009

References

1 Total investments must reconcile to Budgeted Financial Position (current' call investment deposits plus 'non-current' investments)

DC29 iLembe - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
RECEIPTS:	1 2									
Operating Transfers and Grants										
National Government:		390 006	460 250	515 603	593 808	621 067	621 067	608 846	680 262	736 132
Local Government Equitable Share		374 582	419 734	468 670	516 503	516 503	516 503	566 794	623 486	680 793
Finance Management		1 250	1 250	1 000	1 000	1 000	1 000	1 000	1 000	1 000
DEPT OF LABOUR UIF GRANT					40 880	50 297	50 297	-	-	-
WSIG OPERATING Funded (VIP TOILETS)		4 000	10 000	-		10 000	10 000	-	-	-
WSIG OPERATING Funded (VIP TOILETS)						751	751	11 550	23 959	25 382
Rural Transport Services and Infrastructure		2 174	2 266	2 271	2 406	2 406	2 406	2 291	2 417	2 557
Energy Efficiency and Demand Management			-	7 000	10 000	10 000	10 000	3 000	3 000	-
EPWP OPERATING GRANT			1 000	1 731	2 019	2 019	2 019	4 746	-	-
DISASTER COVID 19 GRANT - OPEX			-	13 781		389	389			
MIG OPERATING Funded (VIP TOILETS)		8 000	26 000	21 150	21 000	27 702	27 702	19 465	26 400	26 400
Provincial Government:		-	-	15 000	550	10 004	10 004	4 463	-	-
Development Planning Shared Services - COGTA					550	550	550			
KZN COGTA GRANT -Wi-Fi, Biomass, Mini Factor				10 000		5 949	5 949			
YEP OPEX						856	856			
District Imagery Grant						1 000	1 000			
Spatial Dev. Framework Grant						650	650			
SIBHUDU CAVES AND KWASHUSHU HOTSPRING				1 200		1 000	1 000			
CORRIDOR DEVELOPMENT PROGRAMME				1 000						
MICT SETA								4 463		
RASET PROGRAMME - OPEX				2 800						
LED										
District Municipality:		-	-	-	-	-	-	-	-	-
<i>(insert description)</i>										
Other grant providers:		-	-	700	-	1 320	1 320	-	-	-
Section 21 Schools: National Schools Nutrition Programme						82	82			
MICT SETA				700		788	788			
SIBHUDU CAVES AND KWASHUSHU HOTSPRING - MAP CONTRIBUTION				350		450	450			
NATIONAL LOTTERIES BOARD										
MICT SETA - ENTERPRISE ILEMBE										
Total Operating Transfers and Grants	5	390 006	460 250	531 303	594 358	632 391	632 391	613 309	680 262	736 132
Capital Transfers and Grants										
National Government:		366 786	391 626	343 298	301 596	261 351	261 351	225 228	228 341	244 693
Municipal Infrastructure Grant (MIG)		178 984	178 126	167 353	171 596	164 894	164 894	171 778	182 300	195 075
Rural Transport Services and Infrastructure		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure		127 452	145 000	75 446	35 000	35 000	35 000			
EPWP		1 850	-	-						
Energy Efficiency and Demand Side Management Grant			6 000	-						
WSIG		58 500	62 500	100 500	90 000	61 249	61 249	53 450	46 041	49 618
YEP GRANT PROJECTS					5 000	-	-			
DISASTER COVID19 CAPEX						207	207			
Provincial Government:		-	-	-	-	7 000	7 000	-	-	-
YEP GRANT PROJECTS						5 000	5 000			
SPECIALIZED FIRE AND RESCUE VEHICLE MASSIFICATION						2 000	2 000			
District Municipality:		10 817	-	-	-	-	-	-	-	-
KwaDukuza Municipality MIG Transfer										
Ndwedwe Town Development - (incl rollover)		10 817								
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	377 603	391 626	343 298	301 596	268 351	268 351	225 228	228 341	244 693
TOTAL RECEIPTS OF TRANSFERS & GRANTS		767 609	851 876	874 602	895 954	900 741	900 741	838 537	908 603	980 825

References

- Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
- Amounts actually **RECEIVED**; not revenue recognised (objective is to confirm grants transferred)
- Replacement of RSC levies
- Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
- Total transfers and grants must reconcile to Budgeted Cash Flows
- Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

DC29 iLembe - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
EXPENDITURE: 1										
Operating expenditure of Transfers and Grants										
National Government:		392 777	441 250	513 842	593 808	621 057	621 067	608 846	680 262	736 132
Local Government Equitable Share		374 582	419 734	468 600	516 503	516 503	516 503	566 794	623 486	680 793
Finance Management		1 250	1 250	1 250	1 000	1 000	1 000	1 000	1 000	1 000
Water Services Operating Subsidy		2 895				-	-	-	-	-
Rural Transport Services and Infrastructure		2 050	2 266		2 406	2 406	2 406	2 291	2 417	2 557
Energy Efficiency and Demand Management				7 000	10 000	10 000	10 000	3 000	3 000	-
EPWP OPERATING PROJECTS				1 000	2 019	2 019	2 019	4 746	-	-
WSIG OPERATING Funded (VIP TOILETS)		4 000				10 000	10 000			
WSIG OPERATING Funded (water conservation demand)						751	751	11 650	23 959	25 382
MIG OPERATING Funded (VIP TOILETS)		8 000	18 000	23 992	21 000	27 702	27 702	19 465	26 400	26 400
Rural Housing Grant						-	-			
DEPT OF LABOUR UIF GRANT				11 999	40 880	50 297	50 297			
DISATSER COVID 19 GRANT - OPEX						389	389			
Provincial Government:		-	-	4 350	550	10 004	10 004	4 463	-	-
Development Planning Shared Services - COGTA					550	550	550			
LED						1 000	1 000			
Spatial Dev Framework Grant						650	650			
District imagery Grant						1 000	1 000			
RASET PROGRAMME - OPEX				676			-			
KZN COGTA GRANT - Wi-Fi Biomass Mini Factories				3 674		5 949	5 949			
COGTA - Biomass				-			-			
YEP OPEX						856	856			
MICT SETA								4 463		
MIG OPERATING Funded (VIP TOILETS)							-			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	698	-	1 320	1 320	-	-	-
Section 21 Schools: National Schools Nutrition Programme						82	82			
MICT SETA				698		788	788			
SIBHUDU CAVES AND KWASHUSHU HOTSPRING - MAP CONTRIBUTION						450	450			
LG Seta										
Total operating expenditure of Transfers and Grants:		392 777	441 250	518 689	594 358	632 391	632 391	613 309	680 262	736 132
Capital expenditure of Transfers and Grants										
National Government:		382 698	392 626	279 286	301 596	261 351	261 351	225 228	228 341	244 693
Municipal Infrastructure Grant (MIG)		195 027	178 126	167 353	171 596	164 894	164 894	171 778	182 300	195 075
Rural Transport Services and Infrastructure		-	-	-		-	-			
Regional Bulk Infrastructure		125 093	145 000	62 968	35 000	35 000	35 000	-	-	-
Energy Efficiency and Demand Side Management Grant			6 000				-			
WSIG		60 796	62 500	48 965	90 000	61 249	61 249	53 450	46 041	49 618
YEP GRANT PROJECT				-	5 000	207	207			
EPWP		1 782	1 000				-			
MSIG							-			
MWIG		-	-				-			
DSW Drought Relief Grant							-			
Provincial Government:		-	-	5 169	-	7 000	7 000	-	-	-
YEP GRANT PROJECTS						5 000	5 000			
SPECIALIZED FIRE AND RESCUE VEHICLE MASSIFICATION				5 169		2 000	2 000			
District Municipality:		4 925	-	-	-	-	-	-	-	-
KwaDukuza Municipality MIG Transfer										
Ndwedwe Town Development - (incl rollover)		4 925								
Other grant providers:		-	-	-	-	-	-	-	-	-
MAPHUMULO TOWN WATERBORNE SANITATION SASA										
Total capital expenditure of Transfers and Grants		387 623	392 626	284 455	301 596	268 351	268 351	225 228	228 341	244 693
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		780 400	833 876	803 344	895 954	900 741	900 741	838 537	908 603	980 825

References

1. Expenditure must be separately listed for each transfer or grant received or recognised

DC29 iLembe - Supporting Table SA30 Consolidated budgeted monthly cash flow

MONTHLY CASH FLOWS												Medium Term Revenue and Expenditure Framework			
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash Receipts By Source													1		
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	11 697	11 697	11 697	11 697	11 697	11 697	11 697	11 697	11 697	11 697	11 697	15 218	143 880	183 766	183 379
Service charges - sanitation revenue	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	4 713	6 311	58 152	75 715	79 600
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - external investments	938	938	938	938	938	938	938	938	938	938	938	22	14 761	23	24
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	15 565	16 415
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	33	33	33	33	33	33	33	33	33	33	33	33	399	423	448
Licences and permits	2	2	2	2	2	2	2	2	2	2	2	2	23	25	26
Agency services	435	435	435	435	435	435	435	435	435	435	435	(2 634)	2 149	2 277	2 414
Transfers and Subsidies - Operational	267 131	1 000	-	-	7 394	207 126	1 146	1 937	158 480	-	-	0	644 214	718 054	776 381
Other revenue	6 667	6 667	6 667	6 667	6 667	6 667	6 667	6 667	33 333	6 667	33 333	27 010	153 677	156 231	164 345
Cash Receipts by Source	291 616	25 485	24 485	24 485	31 880	231 612	25 631	26 422	209 632	24 485	51 152	50 401	1 017 285	1 152 079	1 233 033
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	89 391	-	-	-	22 271	57 259	-	-	56 307	-	-	-	225 228	228 341	244 693
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	62	62	195	205
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	(411)	(411)	7	7
Total Cash Receipts by Source	381 007	25 485	24 485	24 485	54 151	288 871	25 631	26 422	265 939	24 485	51 152	50 051	1 242 164	1 380 622	1 477 938
Cash Payments by Type															
Employee related costs	21 363	21 363	21 363	21 363	34 816	21 363	21 363	21 363	21 363	21 363	21 363	21 363	269 813	291 947	311 535
Remuneration of councillors	923	823	823	923	823	823	1 143	855	855	954	855	855	10 656	11 383	12 161
Finance charges	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	1 058	12 691	10 938	9 591
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	18 250	219 000	240 900	264 950
Other materials	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	1 087	13 046	13 647	14 275
Contracted services	11 592	14 109	12 966	9 539	7 254	22 106	9 539	7 254	22 106	9 539	7 254	28 366	161 621	161 621	165 242
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	39 082	27 592	26 434	8 991	6 696	21 615	8 991	6 696	21 615	8 991	6 696	28 318	211 708	141 858	148 585
Cash Payments by Type	93 355	84 272	81 982	61 211	69 984	86 302	61 431	56 563	86 334	61 243	56 563	99 297	898 535	872 295	926 379
Other Cash Flows/Payments by Type															
Capital assets	18 887	16 887	16 937	16 887	16 887	16 987	16 887	16 887	16 887	16 887	16 887	16 887	202 796	199 185	213 946
Repayment of borrowing	4 123	2 927	2 927	2 927	2 927	5 774	2 927	2 882	2 882	2 882	2 882	1 312	37 372	33 933	34 448
Other Cash Flows/Payments	76 569	14 051	-	-	-	-	-	-	-	-	-	55 418	146 038	59 917	77 278
Total Cash Payments by Type	190 934	118 137	101 846	81 025	89 798	109 063	81 246	76 332	106 103	81 012	76 332	172 914	1 284 741	1 165 330	1 252 051
NET INCREASE/(DECREASE) IN CASH HELD	190 073	(92 652)	(77 361)	(56 540)	(35 647)	179 808	(55 615)	(49 910)	159 836	(56 527)	(25 180)	(122 862)	(42 579)	215 292	225 887
Cash/cash equivalents at the month/year begin:	271 473	461 546	368 894	291 533	234 933	199 346	379 153	323 538	273 628	433 464	376 937	351 757	271 473	228 895	444 187
Cash/cash equivalents at the month/year end:	461 546	368 894	291 533	234 933	199 346	379 153	323 538	273 628	433 464	376 937	351 757	228 895	228 895	444 187	670 073

1. Note that this section of Table SA 30 is deliberately not linked to Table A4 because timing differences between the invoicing of clients and receiving the cash means that the cashflow will differ from budgeted revenue, and similarly for budgeted expenditure. However for the MTREF it is now directly linked to A7.

DC29 Ilembe - Supporting Table SA34c Consolidated repairs and maintenance by asset class

[illegible]

1 Total Repairs and Maintenance Expenditure by Asset Category must reconcile to total repairs and maintenance expenditure on Table SA1.

[illegible]

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Parent Capital expenditures		Subsidiary		Minority Interest		Total	
2014	2013	2014	2013	2014	2013	2014	2013
<p>Parent Capital expenditures</p> <p>Capital expenditures for the year ended December 31, 2014, were \$1.5 billion, or 1.5% of the total assets of \$100.0 billion, and for the year ended December 31, 2013, were \$1.4 billion, or 1.4% of the total assets of \$100.0 billion.</p>							
<p>Subsidiary Capital expenditures</p> <p>Capital expenditures for the year ended December 31, 2014, were \$1.5 billion, or 1.5% of the total assets of \$100.0 billion, and for the year ended December 31, 2013, were \$1.4 billion, or 1.4% of the total assets of \$100.0 billion.</p>							
<p>Minority Interest Capital expenditures</p> <p>Capital expenditures for the year ended December 31, 2014, were \$1.5 billion, or 1.5% of the total assets of \$100.0 billion, and for the year ended December 31, 2013, were \$1.4 billion, or 1.4% of the total assets of \$100.0 billion.</p>							
<p>Total Capital expenditures</p> <p>Total capital expenditures for the year ended December 31, 2014, were \$3.0 billion, or 3.0% of the total assets of \$100.0 billion, and for the year ended December 31, 2013, were \$2.8 billion, or 2.8% of the total assets of \$100.0 billion.</p>							

ANNEXURE - B

DRAFT 2020/2021 SEWER TARIFF OF CHARGES

Sewer Tariff to be calculated on the market value of the property reflected in the KwaDukuza, Mandeni, Ndwedwe & Maphumulo Municipality's valuation roll as follows:

2019/20	2020/21	Type of Property
0.0006732 cents in the rand on the market value	0.0007378 cents in the rand on the market value	In respect of agricultural properties.
0.005412 cents in the rand on the market value	0.005932 cents in the rand on the market value	In respect of residential properties including sectional title units.
0.018086 cents in the rand on the market value	0.019822 cents in the rand on the market value	In respect of industrial, business and commercial properties.
0.0224027 cents in the rand on the market value	0.024553 cents in the rand on the market value	In respect of schools and properties used for worship or by welfare organisations. Religious entities with a max of R540.35
0.0224027 cents in the rand on the market value	0.024553 cents in the rand on the market value	In respect of vacant properties.
0.335313 cents in the rand on the market value	0.367503 cents in the rand on the market value	In respect of state owned properties and public service infrastructure properties.
0.335313 cents in the rand on the market value	0.367503 cents in the rand on the market value	In respect of any other property not mentioned above.

NOTWITHSTANDING THE ABOVE THE MAXIMUM INCREASE OVER AND ABOVE THE TARIFF CHARGED IN 2020/21 WILL BE CAPPED AT 30%. – USING MARKET VALUE

TO CALCULATE THE SEWER TARIFFS THE VALUE IN THE VALUATION ROLL AS AT 30 JUNE EACH YEAR WILL BE USED. NO ADJUSTMENTS MADE TO VALUATIONS DURING THE YEAR WILL BE UTILISED TO AMEND THE SEWER TARIFF. THE ADJUSTMENTS WILL ONLY BE MADE AT 30th JUNE FOLLOWING THE ADJUSTMENT.

Type of Property	2019/20	2020/21
Sewered properties above R5 million in the valuation rolls.	Previous 12 months average (billed) sanitation levy + 30%	Previous 12 months billed average - sanitation levy + 30%
Sewered properties not included in the valuation rolls.	0.335313 cents in the rand on the market value	Charge availability charge till a valuation is obtained. Back charge from valuation date.

Included in the Tariff Policy

Note: All amounts above are excluding VAT